№ 37 SEPTEMBER 1992

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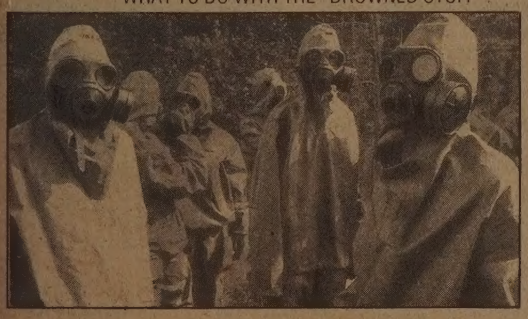

It is easier to set the "volatile death" free than to drive it into containers

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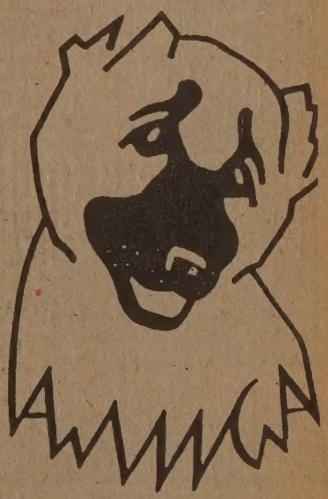

The Sterligov exchange's mascot

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Cover: photo by Olga Vasilyeva

Liberation without war

An office for the dead leaders of the Russian liberation movement during the Second World War was recently said near New York. It was held on the 46th anniversary of the execution of Andrei Vlasov, a Soviet general who defected to Nazi Germany's side and formed a Russian liberation army. Alexander Fedorovsky, Archpriest of the Russian Orthodox Church abroad, praised Vlasov as a hero. The general understood that the liberation movement was doomed to failure, the Archpriest said, but, "faced with communist outrages in Russia, he could not keep silent and remain inactive." Father Alexander added that by the efforts of Vlasovites "hundreds of thousands of Russia's sons were saved from sure death in Nazi concentration camps and therefore the Church honours the memory of General Vlasov."

Unfortunately, the Archpriest said, Vlasov was unable to save Russia from communism. But the ways of God are inscrutable. Russia has gotten rid of Bolshevism without a new fratricidal war.

Vikenty Yemokhonov
New York, USA

Return Kurils to Japan

If the next two or three years are wasted on political squabbling we can expect no upsurge in the economy. We shall be unable to achieve an economic miracle without aid from industrial states. In this respect, I think, our relations with economic "tigers" of the Pacific region – Japan, South Korea and Taiwan – are very important.

President Yeltsin should have the courage to conclude a peace treaty with Japan at least by the 50th anniversary of the ending of the Second World War. We must guarantee that the four islands of the South Kuril range, annexed by the Soviet Union, will be turned over to Japan. They never belonged to Russia before 1945.

As for public opinion, I hope it is shaped not only by nationalistic patriots with their hatred of Japan, which lawfully demands a return of its territory.

V. Yepifanov,
research associate, Penza Region

Regarding statements by Rutskoi and Stankevich

The ill-fated Russia. Its interests are being injured everywhere – in the Baltic states, Moldova, Georgia and Crimea. The military politician Rutskoi, who was prevented from imposing martial law on the Chechen autonomous republic, is today prepared to fire ten shells in retaliation for one Moldovian in defence of independence for the Dniester republic. The democrat Stankevich evidently forgot who is the godfather of the Dniester republic. It is Lukyanov, former chairman of the Supreme Soviet of the USSR, who has been imprisoned for his involvement in the August 1991 coup.

God forbid if inspired by the great-power policy of these men one would rush to Russia arms in hand to defend, say, the Ukrainians living in the Tyumen region.

There have always been Russian intellectuals ready to faithfully serve any government. Today, too, there are such people. They are prepared to back the new government loyally, despite its degeneration.

Konstantin Lunev
Odessa

Is he my relative?

In its People section the Russian-language edition of the magazine (No. 24/92) carried an item about Jo Glahe, a former artist and now a businessman. In 1910 a relative of my mother, Glahe by name, gifted her a small estate, and after the revolution in 1917 he went to Germany. In the years of repressions our family was exiled to the Khabarovsk Territory. Now, rehabilitated, I alone have remained out of our large family. But I remember that my parents often talked about Glahe. They were Germans by nationality, but with Russian names.

In the picture published in the magazine Jo Glahe resembles my mother very much. Perhaps he is my relative. I'll be looking forward to hearing a word from you, Mr. Glahe.

Ivan Lovyagin
Volgograd, Kizilovaya

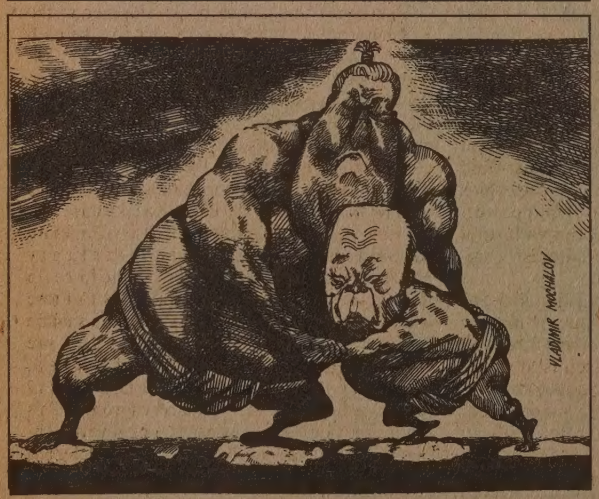
Cossacks in Latvia

The advocates of a "great empire" have become more active in Latvia, especially in recent times, because they aren't kept in check. The Cossack movement is emerging in areas where it never existed before. Its members feel support. The role of Cossacks in preserving Russia's unity is stressed not only by extreme right forces but also by Vice-President Rutskoi. The Cossacks of Sakhalin threaten to sieze power on the Kuril islands if Moscow promises to return them to Japan. In Latvia, Cossacks have formed a society complete with its own stamp and bank account, though it has not been registered and in general is unlikely to be registered.

The branches set up by Cossacks in Latvia could well turn into military organizations in the future. True, local chieftain Nikolai Titov officially declared that Cossacks are guests in Latvia and live in accordance with its laws. But, he added, a Cossack will always help another Cossack if his honour is offended. Cossacks wear uniform, sabres and daggers. But in Latvia it is illegal to wear weapons or to buy them. All this leads to a rather dangerous situation. And I fear that some forces may use armed Cossacks, and their virtually military organizations in their own interests.

Ivars Rosenbergs
Jelgava, Latvia

THE WAY I SEE IT



Cartoon by Vladimir Mochalov

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Afghanistan has caught up with Russia, but this time in Tajikistan

The mysterious civil war, which involved thousands of melancholy Tajiks, resulted in statements and actions reminding one of an era we thought had passed. The declaration by four Presidents – Russian, Kazakh, Uzbek and Kyrghyz – called up an association with the declaration of August 1968, when five communist countries led by the USSR tried to justify their collective military invasion of Czechoslovakia, with the only difference being that the earlier declaration appealed to socialist values, while the recent, to democratic ones; the first expressed concern for the integrity of the socialist community, while the second was concerned with the integrity of the Commonwealth of Independent States. Both are marked by the same haste and dubious legal grounds for the actions which followed the declarations. Just as the will of the legal authorities was ignored in Czechoslovakia, it is likewise not taken into account in Tajikistan. Moreover, the authorities protesting against military interference are at a loss themselves: the President hides out somewhere and doesn't behave very civilized, having left the government to the mercy of fate; the presidential palace has been inhabited by God knows whom for several days – either young radicals incited by Iran, or refugees, or an unknown third force.

However, there are many more analogies with Afghanistan, not only because the latter is Tajikistan's neighbour and ethnic relative with an increasingly penetrable border. Rakhmon Nabiev, the Tajik Najibullah, is perhaps a more dodgy and shifty fellow than his Afghan counterpart. In any case, his conversion from a nomenklatura boss into a people's president leaning on traditions and Islam was much swifter. If not for the insistence of the opposition made up of democrats, Islamists and traditionalists who control political sympathies in large cities, he perhaps could retain power. He maintains strong traditional ties with rural regions where his former communist comrades-in-arms still hold the ball.

However, the essence of the Tajik crisis, as well as of the present Afghan one, is not the settling of the issue of which political force will take power. Tajik statehood itself is at stake, and so far it seems that the attempts to build it on the ruins of the Soviet empire are doomed. This strategically important region rich in natural resources, particularly, uranium, has become an object of external pressure by various groups of the Mojahedin, Iranians, Turks and Uzbeks. This pressure intensified the disintegration of Tajik society not only in political, but also in regional terms. The northern part of Tajikistan is drawn towards Uzbekistan, the southern region is immersed in a civil war which is becoming part of Afghan feuding, while its central part becomes weak, trying to preserve the integrity of the country.

Russia won't be able to stand aloof in the Tajik tragedy which threatens not only 600 thousand Russians living in the republic, but also Russia herself. Tajikistan may become the gate through which the Asian political chaos will first break through into the neighbouring Central Asian republics and then into Russia's territory. The scenario will, in all probability, be as follows: the struggle between the President's followers and opponents will grow into a war "of all against all" thanks to the joining to the struggle for power of new groups who enjoy both internal and external support. This war will reach beyond the boundaries of Tajikistan due to ethnic kinships, the weakness of statehood and the actual absence of borders. Especially dangerous is a possible crash of Kazakhstan, where the universal scuffle will engulf the Slavonic population which is a majority in this republic. This in turn will endanger stability in Russia proper.

To prevent this course of developments, the Russian leadership has to embark upon the path laid down in Afghanistan by the Brezhnev administration. The sending of frontier guards to strengthen the southern border is equivalent to the dispatching of the "limited contingent" to Afghanistan – developments will require either an escalation of military involvement or a retreat. Both are fraught with complications for Yeltsin's regime as well as for his allies, Kazakhstan, Uzbekistan and Kyrghyzstan. The use of military force in Tajikistan to restore peace and order may produce an upsurge in the activity of the forces in the Central Asian republics analogous to those which rose against President Nabiev in Dushanbe – it's not for nothing that the regimes there are also labelled "neo-communist." As for Russia, the coming of new coffins from a new military theatre will refresh the Afghan syndrome. This syndrome won't leave in peace any government that will decide on a follow-up to what defeated communists in Afghanistan.

Vladimir Kulistikov

THIS WEEK

■ It took only two days for striking Ukrainian air traffic controllers, railwaymen and miners to get new tariffs and higher pay – although pay for air traffic controllers has not been settled everywhere as yet. Their strike, which they said would go on indefinitely until demands are met, was both dramatic and effective, as on the designated day trains stopped, 405 flights were grounded and work was suspended at four railway sidings and five coal mines of the Krivbasruda ore-mining concern. Though the Transport Ministry appealed to the Ukrainian Supreme Court, the strikers did not flinch but, on the contrary, called for the government's resignation. A compromise was worked out by the second night, when the Ukraine's President said that the strike had to be stopped before negotiations could start. When the strikers return to work, the Transport Ministry will withdraw its appeal from the Supreme Court and no sanctions will be taken against TU leaders, who for their part, no longer call for the resignation of Premier Fokin and his government and for the dissolution of the Supreme Soviet.

■ Tajikistan's President Rakhmon Nabiev suddenly disappeared, not because he was killed, kidnapped, or was on a hidden spree, as he continued to liaise with all the republic's regions, ministries and departments and to issue orders though physically not in the presidential palace. Meanwhile the political situation intensified, with fratricidal conflicts erupting in the Kurgan-Tyube and Kuliabi regions. In the capital, Dushanbe, government members were taken hostage by a "third force" as the opposition blockaded the presidential palace. The President's odd behaviour irked not only the opposition, but also members of the Supreme Soviet Presidium and government leaders, who for several days running futilely sought to meet the elusive President. Eventually, they demanded his resignation for inefficient administration, a power crisis and endless wait-and-see policy. Finally, he surfaced. It appeared that for a time he had taken refuge in the grounds of the Dushanbe military garrison, possibly afraid that he might share the fate of Tajikistan's Procurator-General, who was mysteriously slained. After Kazakhstan President Nazarbayev, Kyrghyzstan President Akayev, Uzbekistan President Karimov and Russian President Yeltsin said civil war could not be allowed to escalate in Tajikistan, as that would imperil the safety of other nations and upset political stability, Nabiev surfaced and decided to resign.

Dushanbe's central square under siege again, with people wondering where President Nabiev is *Photo by G. Ufimtsev*

■ Talks between Russian, Georgian and Abkhazian delegations at Moscow's President Hotel got nowhere, even though none other than Yeltsin, Shevardnadze and Ardzinba were involved. Indeed, notwithstanding the urgent need for peace to cope with Abkhazia's desperate situation, and the outwardly favourable result of this meeting, to which champagne was drunk, the ceasefire that was to go into effect the following day was not observed, as fighting flared up anew between Georgian guardsmen and Abkhazian guerrillas. It looks as if Yeltsin had a sad premonition when he said that unless the accords were implemented, Abkhazia would become a "fivefold Karabakh." Then Shevardnadze's subsequent statement that not all Georgian troops would withdraw from Abkhazia evoked sharp response, moving Musa Shanibov, President of the Confederation of Highland Peoples, to stress that in that case "we will give Georgian fascism a lesson and break its backbone." Indeed, Russian troops may be directly involved in the conflict. Have all possibilities for a peaceful settlement been exhausted? Does the apparition of a grand Caucasian war loom in the South?

Some in Abkhazia fight, others help the war victims. Unloading humanitarian aid at the seaport

■ According to the Russian President's Press Secretary Vyacheslav Kostikov, Boris Yeltsin did not in principle learn anything new from Japanese Foreign Minister Michio Watanabe when meeting him at the Kremlin. However, Tokyo has a surprise in store for him with Japanese special servicemen notifying their Russian counterparts that they will have to surrender their

weapons when Yeltsin comes. Objections as to the inadequate level of safety envisaged was ignored. Was the Japanese move a "pinprick" reply to Yeltsin's statement that no aspects of bilateral relations could be resolved under economic, political and psychological pressure? Or do the "special service Samurai" indeed believe that safety for VIPs in the Land of the Rising Sun is better than anywhere else?

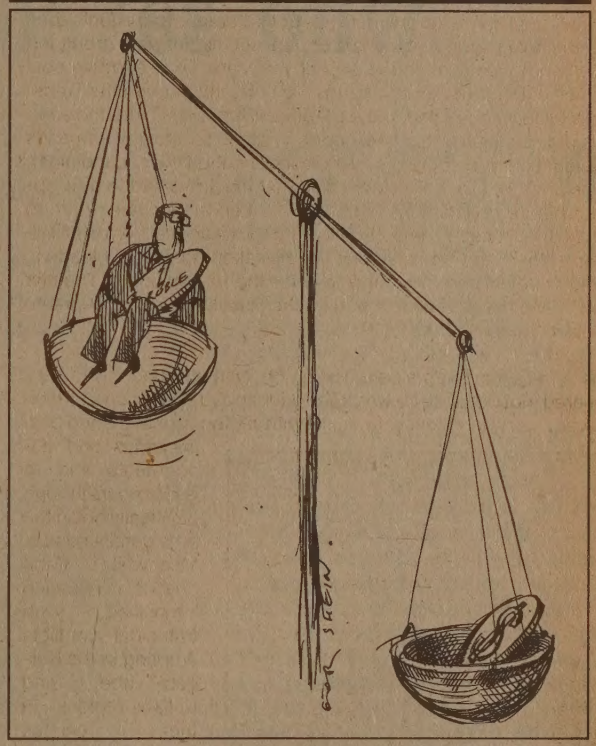
■ *Izvestia* reports Central Russia's regional migration services as having received secret government instructions about measures that should be taken in the event of the wholesale flight of Russians from the "immediate abroad." Accordingly, interdepartmental commissions have been set up incorporating civil defence bodies, while out-of-town summer holiday camps, holiday homes and schools have been registered. Russians are fleeing in increasing numbers from Tajikistan, Azerbaijan and Abkhazia while the rights of Russophones are violated in Abkhazia nowadays as is done in Latvia and Estonia. Experts believe ethnic conflicts will cause more to flee. Fugitives report looting, violence and intimidation. Thus males are dragooned to fight alongside of Georgian and Abkhazian troops. In many of Central Russia's towns and cities no accommodation, even of the worst order, is available, should massive migration start. So why keep a dark secret what should be shouted out about from the housetops?

■ As no funds are available, personnels at Russia's largest plants are obliged to "go on holiday." In Cherepovets, these include, for example, employees of steel rolling mills and a brick factory. At many enterprises still operating, there is only enough work for a day or two a week. In Vologda, the Severny Kommunar engineering plant has suspended operation, not because its products, especially frame-saws, are not in demand, but simply because consumers have no money with which to buy. A similar fate has overtaken the city's bearings plant. Though the 50,000-strong personnel at the iron and steel mills in Cherepovets coolly received the presidential edict to reorganize state enterprises into stock companies at short order, they realize that reforms must be accepted. Which is why a special body has been set up there to deal with privatization and stock floating. The plant's economists heatedly debate which option would be best.

■ Russia's Defence Ministry has announced that two Russian warships are to sail into the Gulf to sustain the international peacekeeping effort there. As was noted in a Russian MFA statement circulated in the UN a week back, Russia supports the international community's demands for Iraq to observe human rights and implement UN resolutions. In the context of such support, the two Russian warships will coordinate operations with the US, UK and French naval forces already in the Gulf, thus concretely contributing to the international peace-keeping effort in this region.

■ To tell hosts something nasty is not nice, which was why what some foreigners said at the World Forum of Ukrainians in Kiev recently came as a great shock. Thus Canadian economist Boris Voznesensky had the gall to announce: "What we saw was a Potyomkin village Ukraine, lightly rouged, but very much a Third World land." This observant Ukrainian Canadian claimed that erstwhile partocrats had surfaced in new jobs, while the Ukrainian government was "most inferior." In a "democratic" response, the President authorized the Ukrainian information agency to issue the stern warning that any foreigner, no matter where from, who would dare to rail against the government and parliament and their policies would be deported without the right ever to return.

CARTOON OF THE WEEK



Drawing by Igor Shein

■ Nikolai Shaburov and Pyotr Plonin, two Ivanovo geologists, are to trek across Russia to Sakhalin in a specially sprung and tyred-wheeled horse-driven covered wagon ordered from the Ivanovo truck-crane plant. They hope to reach their destination – the town of Kholmsk, which is more than 10,000 km away, in some six months. One purpose is to promote horse-driven transportation, particularly in anticipation of fuel price liberalization. Vladimir Zhuravlev, manager of the Gavrilovo Posad stud farm, who helped to outfit the travellers, is convinced that "nothing could be better than a good horse, sturdy, undemanding and dirt cheap compared with car."

Quotation of the week

"It would be naive to think that this pittance, the vouchers, would change anything for anyone, as this is nothing but another 'soap bubble' in a 'social equity' game. I believe that what the government is doing is just absurd. They are hoodwinking the population who have no bearing on privatization. The 10,000-ruble handout is meaningless."

Larisa Piyasheva,
market economy advocate

The Englishman who saved Pitsunda

WHAT'S GOING ON? Something horrid. A war. From where I was one could get to the war after a 90-minute cab ride. How much it would cost I really don't know as I didn't go. I don't want to be in a war, to see war, to write about war. It's the first time in life that I'm writing abhorred.

The radio speaks of such horrid things as casualties, bombings, insurgents, even a Sochi treaty. That's history, isn't it? That's somewhere else, isn't it? How can you have a **Sochi** peace treaty? A war next door to Sochi, in Gudauta and Pitsunda? Sheer nonsense! Why, God specially made Gudauta and Pitsunda for people to get a sun tan and forget their cares. Nobody should shoot people anywhere. But it's quite absurd to shoot at people on a bathing beach.

That night I made for the intercity call office, where one could hear the latest news. Everyone wanted to call fearful for near ones. All place names suddenly spelled danger. The operator announced that she had a connection with Dudinka. Yet even that peaceful place name reeked of gunpowder. Could the war have reached Dudinka?

Everything's possible. One said after his call that in New Gagra it was quiet, but that in Old Gagra fighting was going on. Another young man related, after talking with his grandma in Sukhumi, that though in her street everything was normal, she didn't know at all what was happening in town, as she never went out, and nobody did there. Or take the boxing champion, who left the town for the week-end to find his flat occupied when he got back. Somebody had moved in with his kids and had announced that henceforth he was going to live there.

Try to put yourself in his shoes, to realize that there's nobody to appeal to, that in this wide world one is alone faced with this blunt force and can expect help from nowhere.

What's happening is that lawlessness has come out of the Gulag to proliferate throughout the land. Just fancy, you come home and find somebody else in possession. Or you see people shooting on a bathing beach. Present history seems to be a trek across a swamp from tussock to tussock with each new tussock a new absurdity of a different order. As for absurdities, which I am obliged to use in the plural, I feel I cannot use relative categories, as no absurdity could be worse or better than another. Indeed, what could be better, the absurdity of our previous life, or the absurdity of war at peaceful health resorts? The very question is absurd.

Fugitives galore. Whether flight takes an hour or a whole night it compels a new start in life

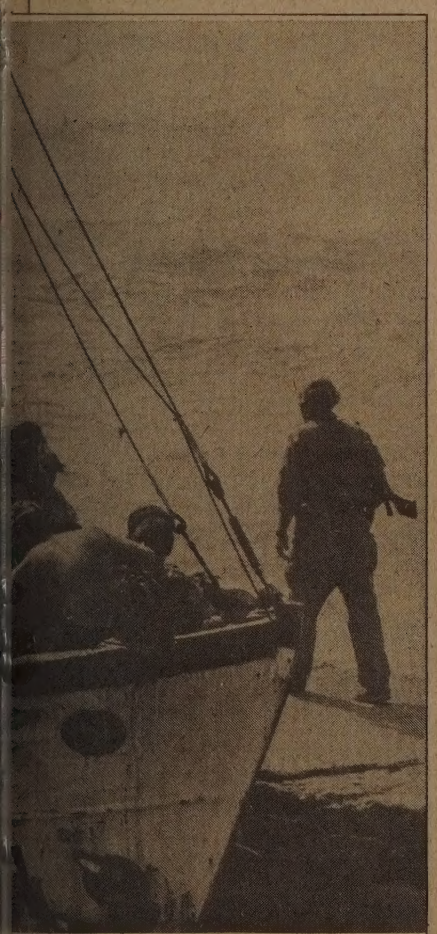
WHAT'S HAPPENING? The country is becoming a mass of fugitives. Only yesterday one may have read about fugitives and deplored the fact, but today he clutches up what he can and runs away from his home without

Rescued fugitives

looking back. Flight may take an hour or a whole night, but it forces one to start life anew. Everyone fleeing from mortal danger is a fugitive.

I visited the open place in front of the sea terminal, where fugitives from Pitsunda, Russians, Georgians, Armenians, Abkhazians had spent the night. I won't bother to relate what they told me. There was no particular brutality. They simply wanted to get away from where war was in process, where there was shooting, where a truck could drive up to your home and all your earthly possessions could be taken away.

People don't want to live where a war is being fought. They told me that everyone had sought to get away from Pitsunda, but that Georgians were not taken onboard, retained as hostages. A young Armenian, a construction engineer from Tbilisi, who had been at college in Moscow in his time, tore out the page with his Tbilisi registration in his internal passport, in which he still had the old Moscow registration and palmed himself off as a Muscovite.



They let him to board the ship. He showed me his passport. A Russian lady on the staff of the Tbilisi TV station inscribed five Georgian children in her internal passport and herded them aboard. Had anything of that like occurred when children were evacuated during the Spanish war, she would have been lauded as a heroine. Poets would have composed verse in her honour noting that family feeling of a mother for whom all children were kin, whatever their nationality. Love vanquished not just death, but even the sanctity of the internal passport. However the war-torn world can no longer scrape up the energy to admire such gallantry. Nothing to it, to write strange children down in one's internal passport to save their lives. Everybody's doing that, I was told. That mind you, is in this country of ours, where the internal passport is revered more than human life.

Later I learned that in Pitsunda nobody was killed or tortured, that the hostages were soon released. However, the hours spent when they tried to board what they thought was the last boat were for them hours on the brink of death. "I managed to run away, but my brother was taken off to be shot," one fugitive said. This wasn't so, but the fright and the heroism were very real.

THE SAINTLY ENGLISHMAN. War splits everything down the middle. Peoples, families, hearts, lives. War grades people according to their attitude to danger. When danger dawns, some run for safety, others save others. The lady from the Tbilisi TV Centre saved the children of others, but another bothered only to save her own children. But there was a man, who as all said had saved Pitsunda. Just one man. What people say is categoric whether they hate or admire.

It was ten o'clock in the morning. The sun overhead beat down. The place was in front of the sea terminal. There were bags and trunks in heaps and people in heaps, around whom beaming-faced kids ran. Only the other night they had still been at home. Meanwhile plumb in the middle of the square an elderly, grey-haired man lay sprawled out on the asphalt with a blue knapsack, from which a long umbrella with a crooked handle stuck out, serving as pillow. He was fast asleep and nobody dared approach, as if he was surrounded by an invisible curtain of reverence.

"Who is he?" I asked. "An Englishman." "What?" "An Englishman, I'm telling you." "Who is he?" "An Englishman, don't you understand!"

Somebody dragged up an old plywood door, the Englishman was woken up and helped to lie down on the plywood in the shade. He grinned apologetically and repeated: "I'm fagged out. I've been two nights without sleep." He fell asleep the moment he was left alone.

Later I managed to strike up a conversation with him. I learned that he was one Tom Taylor, that he was 66, that he was a theatre director from London and had never been to Russia before. When at last he had the opportunity to go he came and went to Tbilisi and Pitsunda, where he was trapped by the war. What he did was his announcing he wouldn't leave Pitsunda until the last hostage was set free, until boats were made available for all the refugees. He behaved like the proverbial captain of a sinking ship. He was indeed last to set foot on the last ship, when not a single person seeking refuge was left.

The British Visnews TV service photographed him right there, on the plywood door. He didn't have the energy to get up, but he could speak out quite distinctly and passionately. What struck me most was what had motivated him. He said that there had been a direct violation of the Geneva convention in Pitsunda.

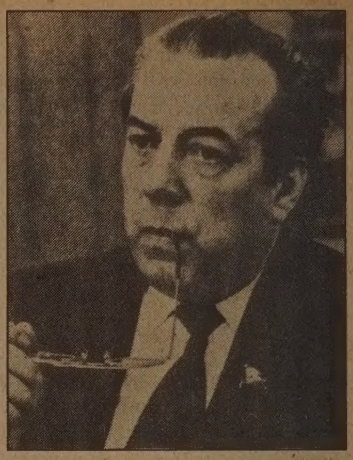
I really don't know what convention that nice, lanky defenceless-looking person who reminded me of Jules Verne's Paganel due to his umbrella, had meant. However, this desire to abide by the law and justice, this preparedness to sacrifice himself so that no Geneva convention be violated, this conviction that he was right, that he had to act because it was lawful to do so, that he had to abide by world law in a country that wasn't his, all produced a most strong impression on me. I don't know whether I may appeal or not to the British Crown, but if I could, I would request Her Majesty to pay note to her subject Tom Taylor and decorate him for his gallantry, for having redounded to his country's fame by his conduct. Because there, on that square in front of the sea terminal, all were convinced that this saintly Englishman had saved them, that if not for him, they would have not got into the boats, and that the hostages would have not been set free.

WHAT'S HAPPENING? War, may it be damned. War in a country where every notion of law and lawfulness has been eroded, where lawlessness rules. Some are infinitely cruel, others are infinitely despondent.

Whoever can save people may they do so.

Simon Soloveichik

Russia's most influential behind-the-scenes politician?



Will Arkady Volsky take Yegor Gaidar's seat?

There are propositions that are not refused. However, the President of the Union of Russian Industrialists will not be asked to head the government and he seems not to mind

Ever since spring the government's outright opponents have been telling us that Yegor Gaidar hasn't what takes to cope with such a mammoth as Russia's economy.

In fact, it is rumoured that he no longer controls his own administration in which not all agree with him. They expect a new boss.

Meanwhile, according to the opposition, Boris Yeltsin is not replacing his Prime Minister only because Yegor Gaidar is the name card of Russia's reforms, and he is against agitating the world public by changes in the Kremlin.

So who is behind the scenes?

All throughout summer the media in Russia and abroad intensively discussed prospects of seeing *failed boy Gaidar replaced by Arkady Volsky, who speaks for the managerial executive lobby and military-industrial complex (MIC) as if this was a foregone conclusion.*

Foreign newsmen are greatly impressed by Volsky's continuing to occupy a room as before at Staraya Ploshchad, head-quarters previously of the CPSU Central Committee of which the current superindustrialist headed a section. He has crowds in his waiting room every day and his telephones buzz incessantly. Everyone wants to see him to find out what he thinks about current affairs in Russia. *The impression is, the New York Times comments, that power is dropping into his hands.*

No wonder foreign newsmen regard Volsky as *Russia's most influential behind-the-scenes politician,* to whom the political opposition has rallied.

Commentators are most impressed by the tripartite alliance between Arkady Volsky, Nikolai Travkin and Alexander Rutskoi – the last not as Vice-President, but as leader of the Free Russia People's Party. Having come to terms also with the Smena (Change) parliamentary faction they founded the Civic Alliance, proclaiming it that pivot of a customary public consensus which Russia so desperately lacks.

To cut a long story short, this summer the ever anticipated change of bosses ingrained in the mass mentality pushed Volsky into the foreground. In the upshot the public seems to be waiting for the President to, at last, invite Volsky to the Kremlin.

The President does not let his own men down

So why isn't Boris Yeltsin replacing Gaidar? Does he think the world will take Gaidar's exit as a change of policy? Or is he afraid of revealing a politcal Achilles' heel in the belief that otherwise the opposition would go hammer and tongs at him?

It's not the first time he has been so obstinately intransigent as regards personnel issues, which he demonstrated when he refused to sack his staff chief Yuri Petrov.

Most likely gentle, intellectual, sympathetic Gaidar fails to measure up to the Russian public view of a boss, who as they see it, should be tough and formidable.

Yet Gaidar has achieved the impossible. He initiated a reform of Russia's economy and notwithstanding this is an ongoing process. The ever-present resentment with the government cannot hide the manifest fact that the very substance of Russian life is changing and that a market, thus far in a barbarous, Asiatic, misshapen form, is here. Indeed what else could be expected?

Yeltsin is stubborn only up to a limit. He would not support Gaidar only out of defiance. He appreciates Gaidar's work. Why then part with a man who's doing a good job?

Yeltsin has already had more than one opportunity no doubt, to invite Volsky.

Thus, at the stormy Congress of People's Deputies last spring, when he promised to introduce a pragmatist, all thought he would choose Volsky. However, the President preferred the younger Vladimir Shumeiko who has no political past and who has learned to compromise with the Deputies.

Evidently the matter is not only one of the dislike the President's men have for Volsky for various reasons, even though that is of significance as such. It is even said that Gennady Burbulis had Volsky's special government telephone, a key attribute of

affiliation with the Russian establishment, disconnected.

True, today some believe Burbulis no longer exerts the influence he previously had on the President. Konstantin Zatulin, head of the Businessmen's Association that rivals the Union of Industrialists, at once noted that *now Volsky should get President Yeltsin to appreciate him.*

Some already think *Yeltsin now pays greater heed to Volsky.* However, that does not appear to be the case. Some people's openly expressed joy over Burbulis's disgrace is palpably premature.

In recent weeks State Secretary Burbulis, who now rides in a Chevrolet instead of a ZIL and who seemed to be in the sidelines far from the TV eye, has been striving to get himself noticed. Thus, he gave a series of interviews, moreover exclusively to liberal publications, to thus emphasize his political sympathies, and elegantly explained that though his post could be anything, his standing as the President's closest aide was steadfast.

Hence the way to the Kremlin for Volsky is barred not by bugbear Burbulis, but rather by his own past. As the affection between the USSR's ex-President and Russia's First President has not waned since Gorbachev's resignation, "Gorbachevite" Volsky cannot expect in principle to enjoy any sympathy with the new men in the Kremlin.

In a governor-general's shoes

Though Arkady Volsky seemed to be one of Gorbachev's closest associates, the CPSU General Secretary and subsequent President held him at bay.

Back in 1955, when Gorbachev had just graduated from the Moscow University Department of Law, Volsky had graduated from one of the toughest technical colleges, the Moscow Institute of Steel and Alloys. Born near Gomel, in Byelorussia, he landed in an orphanage during the war, as his father was at the fighting front, while his mother was in the underground Resistance movement.

For some 15 years after graduation until 1969, he was on the staff of the ZIL auto plant in Moscow, where a successful career brought him to the high office of this mammoth plant's CPSU Committee Secretary. Naturally a youngish engineer with experience as an elected Party leader was regarded as a welcome addition to the CPSU Central Committee apparat, where amongst his colleagues he was conspicuous for his kindness, his ever-present readiness to help, and the absence of bureaucratic cowardice. As he backed ideas for modernizing Soviet economy, the new CPSU General Secretary Yuri Andropov chose him as one of his aides. After Andropov's short-lived "reign," Chernenko inherited these aides.

For Volsky and other dynamic *apparatchiks* like him, this was an odd time spent in expectation of change. Incidentally, he and Chernenko's ideology aide Vadim Pechenev exploited their prerogatives to help some people whom the regime had almost crushed.

When Gorbachev took over as CPSU General Secretary, instead of retaining Volsky as aide, he appointed him head of the Central Committee engineering section. *Pro forma,* this was not disgrace, as the new General Secretary had hopes of advancing in the engineering industry: however, men conversant with apparatus games concluded that the transfer from Entrance No.1, where the Central Committee Secretaries and their aides had offices, to Entrance No.6, where the engineering section was located, distanced Volsky from the narrow decision-taking coterie.

Volsky played first fiddle in all trumpeted initiatives marking the beginning of *perestroika,* such as acceleration and state approval, sincerely believing that this would serve to reshape Soviet economy. When these programmes flopped one after another, Gorbachev sent Volsky to Nagorny Karabakh, which was no brief outing to a fighting front to which favourites are usually dispatched as the excuse for subsequent decoration.

Volsky spent several months in near-combat conditions honestly striving initially to secure conciliation between the two communities, then bring life back to normal, or at least restrain Karabakh from a full-scale war. However, he failed on all three accounts for which he could scarcely really be blamed.

Out in the cold

He returned from Nagorny Karabakh depressed. He was accused that he had not coped and in Moscow no new job could be found for him. True, he still occupied his old Staraya Ploshchad room, and was still known as "chief of a CPSU Central Committee section," although the section as such no longer existed, and this was a purely nominal title.

He did not become one of Gorbachev's aides, even though it was rumoured that Gorbachev would make him a Central Committee Secretary. However, that was not to be, as Gorbachev was engaged in his own tricky games nominating men he thought he needed more at the moment, and this almost unfathomable *nomenklatura* patience had no card for Volsky, even though in views and character Volsky definitely had prior claim.

This was doubly odd as Volsky had done Gorbachev a great service, when in a newspaper interview he revealed that in his testament, which even the Central Committee

March 1985, which started Yuri Prokofiev's career (left), whom Moscow's Communists preferred to Arkady Volsky

Political Bureau members knew nothing about, Andropov had wanted Gorbachev, not Chernenko, to take over. This meant that Volsky had invested his Party boss with the mandate to rule. However, he did not get the reward he merited.

There was a time when Gorbachev thought to place him as the Russian Communist Party's second secretary after Ivan Polozkóv, however Volsky declined.

Gorbachev also wanted to make him Moscow City CPSU Committee First Secretary, but the local *apparatchiks* preferred the dull, petty bureaucrat Yuri Prokofiev. That was a characteristic choice. Prokofiev's star rose when Moscow's Kuibyshev District had the good fortune to nominate Konstantin Chernenko for the Russian Federation Supreme Soviet, which definitely upgraded Prokofiev as First Secretary of this district's CPSU Committee.

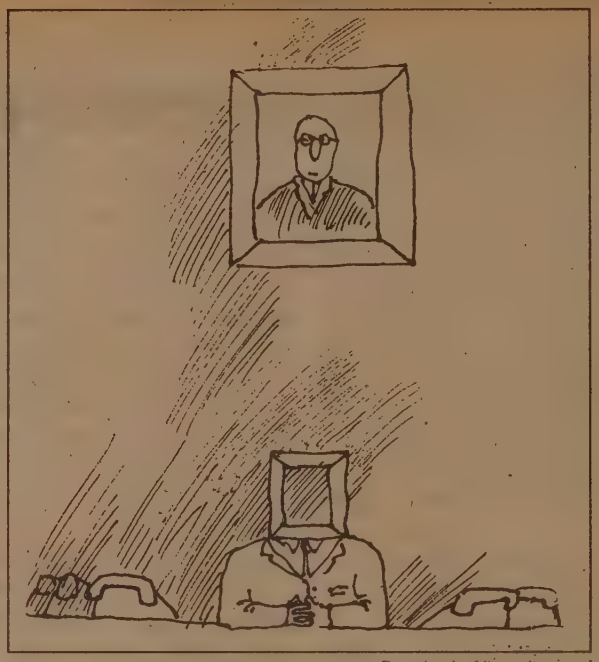
In March 1985, Victor Grishin, the then First Secretary of the Moscow CPSU Party Committee, dragged the dying Chernenko out of bed to present him with his mandate as deputy and let Prokofiev attend to present Chernenko with a bouquet. The entire ceremony was presented in the TV *Vremya* newscast.

Yet Volsky's loss of the Moscow seat turned out well, the post-August crackdown on the CPSU elite did not affect him, as he did not hold any party office at the time.

Meanwhile during the August putsch, Volsky was first to telephone Gorbachev. As a result, this "friend in need," of whom Gorbachev had few left, was promoted to a government office, and along with Grigory Yavlinsky and Yuri Luzhkov became a deputy to Ivan Silayev, subsequently appointed head of the USSR administration then termed the Committee for the day-to-day management of the economy, which after a few months was consigned to oblivion with the Soviet Union.

Why is Volsky so often named as the most likely candidate to the premiership?

Because nowadays the reformers are faced with two basic tasks, one to expedite reform, the other to look after the military industrial complex. These are two incompatibles, as to appease the military industry, reform has to be suspended.



Drawing by Victor Bogorad

Whom does MIC prefer?

All hope to see a wizard who could wed the two incompatibles. It is said Arkady Volsky knows how to influence MIC. But does the President of the Union of Industrialists and Entrepreneurs have the leverage?

The Union of Industrialists was conceived by one Alexander Vladislavlev, a tall, handsome professor, who is married to one of the Lisitsian sisters (well-known singers – **Ed.**) and is a former USSR's People's Deputy. It was he who offered Volsky the post of president, himself taking office as vice-president.

Volsky appeared to be the natural choice. After all, around whom could industry's top executives congregate? Definitely around the head of the Central Committee's industrial section, who hands out state orders and hard currency allocations, plans new construction jobs and selects the necessary ministries. However, by now neither the Central Committee nor, the more so, that section existed and Volsky had no more orders to hand out.

With an eye on the long term, the Union of Industrialists was termed the Industrial Party, the Promparty, not a very happy name, especially for those who may remember Stalin's trial of mythical saboteurs. However, its founding fathers conceived of something akin to the Japanese Keidanren, the Japan Federation of Economic Organizations, a powerful union of major industrialists and in fact, the power behind the government.

However, the Union did not develop into a party, nor did it become a Russian Keidanren for the simple reason that Russia has no major industrialists.

What remains then? Volsky, as the influential patriarch of Russian industry whom many look up to. Some ask him for aid and money, others see him as the secret MIC head plotting against the government.

Volsky, like all else, also assails the government of whom he speaks harshly. Thus, he says: *The government's policy stands on the brink of a fiasco, while the cabinet has become a closed society of limited responsibility.*

However, unlike other oppositionists, he does not fume at the Yeltsin administration. He acts as a man conversant with reality and takes a condescending attitude towards Gaidar's boys, who think they can overturn the world if given the appropriate leverage.

Who are his associates?

In recent months, entertaining no delusions with respect to actual influence he may have on Russia's policies, Arkady Volsky has been looking for allies. He easily embraced Konstantin Borovoi's Economic Freedom Party originally viewed as opposed to the Union of Industrialists and Entrepreneurs. This demonstrated firstly, Volsky's real political sympathies and secondly, his on no account seeing himself at the start of a political rise.

Among other new allies are Nikolai Travkin and Vasily Lipitsky of the Civic Alliance, a body created not by orating rosy-eyed revolutionists, but by cautious pragmatists who want to be in the limelight, well in the public eye.

Volsky likes his present job. Though he would scarcely refuse the premiership, he very well realizes how short-lived and bitter that tenure would be. After all, it is far more pleasant to head a public organization, evaluate the government from the sidelines, receive foreign newspapermen and reply in neither negative or affirmative when asked whether he had been the man who had got Yeltsin to complement Gaidar's team with the present pragmatic trio.

Leonid Mlechin

The Baltic imperatives

Lithuania, Latvia and Estonia raised in the United Nations the lomg-debated question of the withdrawal of the Russian troops stationed on the territory of the three Baltic republics. This initiative of theirs will possibly find sympathy, even support in the UN. Nevertheless, it looks like a gunshot at sparrows which, at that, missed the intended target. The Russian leadership has long ago adopted a political decision concerning withdrawal of troops under its jurisdiction from the Baltics. It is only a matter of time-tables – Moscow needs time and, more than that, money in order to dismantle the infrastructure created for decades, to build barracks for soldiers and apartments for officers. The UN is hardly likely to find a dime to spend on such aid; it would have been more to the point to address the World Bank or the IMF.

Seriously speaking, the impatience of the Baltians is understandable. Their best reminiscences are not about people wearing Soviet military uniforms. Suffice it to remember Stalin's deportations of "elements alien in terms of class identity," not to mention the assault on the Vilnius TV centre in 1991. Is it by accident, however, that today the relations between the Russian military and the autochthonous population have aggravated, primarily in Estonia where blood has already been shed? Isn't this related to another suddenly exacerbated problem, that of the violation of the rights of the many thousandstrong Russian-speaking minority? Director of the Norwegian Foreign Policy Institute O. Knudsen, who has recently returned from a tour of the Baltic states, sees the following connection. According to him, the Russian Command, with sanctions from the Russian leadership, hopes "officially to prolong its military presence in the Baltics, just in case the Russian-speaking population becomes an object of repressions."

It follows that Moscow is interested in oppression of its compatriots and, consequently, in conflicts along these lines. An extremely strange logic, especially in the present situation, when the Russian leadership makes so much effort, unfortunately not always successful, to settle ethnic conflicts on the country's borders. This largely determines the solution of internal problems, and the success of market and democratic reforms. No, Russia's interests in the Baltics demand not aggravation, but, on the contrary, normalization of relations between the Russian-speaking population and the autochthonous population on the basis of universally recognized principles of human rights. They require not a prolongation, but an orderly and dignified withdrawal of troops whose presence in the Baltics only impairs the development of mutually advantageous relations with the countries of the region. And lastly, they demand a reform of these ties on a new basis of equal partnership which could turn the region not into a barrier separating Russia from Europe but into a bridge connecting them, as was the case for centuries. There is hardly anything which better matches the interests of the Baltic states themselves. They simply have no reasonable alternative, for, as the *London Financial Times* wrote ironically, it is much more difficult to change the geographic and historical imperatives of the Baltics than to sing an hymn to independence in chorus.

It seems, however, that someone has set himself the task of revising geography and history, to be more precise, of ousting from the Baltics not only the Russian troops, but also the Russian-speaking population, deliberately choosing a deterioration in relations with its eastern neighbour. More than that, the national radicals intend to turn the Baltic region into an outpost targeted against Russia. This intention is clearly discerned, for instance, with the organizers of a seminar on the Baltic strategic importance that was held near Riga this August, to which many reputed Western political scientists and military experts were invited. But, as eyewitnesses say, the guests did not live up to the hosts' expectations. For instance, a prominent Sovietologist Paul Goble gave them to understand unambiguously that the USA proceeds from the aim of strengthening democracy in Russia with which they intend to maintain friendly relations. He recommended the same to the leaders of the Baltic states whom he warned against creating conflict situations in relations between the autochtons and the Russian-speaking population.

The latter, by the way, are a majority in Riga and make up over 80 percent of the population in another Latvian large city, Daugavpils, while they account for over 90 percent of the population in the Narva region of Estonia, which means that in the case of a direct confrontation with them, local national radicals would have to be guided by the late Mao's doctrine of "besieging the city by the village."

Again this doesn't at all mean that the national radicals are not to be taken seriously. Their influence on the policies of the Baltic countries' governments grows in proportion to the number of these governments' failures, primarily in the economic sphere. A well-known Italian journalist Giulietto Chiesa even suggested in his speech on Radio Liberty that the present Baltic leaders deliberately foster hysteria over the issue of the Soviet troops and the Russian-speaking population, hoping to thus distract the people's attention from failures in their domestic economic policy and the ineffectiveness of reforms. If so, Chiesa believes, they have embarked on a dangerous path.

Dangerous, we'll add, not only to these countries and Russia, but to all of Europe which least of all needs one more hot spot at this time. However, we would like to believe that the leaders of the Baltic countries are no less responsible in their approaches to the problems of stability and security on the continent than most of their colleagues to the east and the west. And that, having turned to the UN over the issue of withdrawal of troops, they were not guided by the intention to make this organization the arena of a "mini-cold war." Nor does Russian diplomacy intend to do so, although the Russian Federation's Supreme Soviet has recently spoke in favour of raising in the UN the question of the violation of human rights of the Russian-speaking population in the Baltic countries, which is already discussed in the Commission on Human Rights in Geneva. Perhaps the coordination of these problems in the UN could help work out a universally acceptable and productive approach to each of them.

Dmitry Volsky

What to do with the "drowned stuff"?

Chemical weapons are a hundred times cheaper and easier to produce than to destroy

A chemical weapons expert of the Stockholm International Peace Research Institute, Dr **Thomas Stock,** answers questions posed by *NT* correspondent **Alexander Polyukhov.**

New Times. Insistent suggestions to "tackle" the surfacing of chemical munitions buried in the Baltic Sea are voiced in Russia. This sounds attractive, yet somehow I hear the voice of the MIC in it. Am I mistaken?

Thomas Stock. I guess you have a good ear. The military and ship-builders are jobless now, so they are ready to undertake even this dangerous work. They count on state budget and foreign subsidies for this expensive job. However, it's necessary to examine the problem seriously first, and only then fix hoists.

N.T. Some experts recommend not to touch the "drowned stuff" at all, believing that the chemicals are much more dangerous when surfaced than at the sea bottom. So what to do?

Th.S. After WWII the Allies buried about 300,000 tons of captured German munitions and bombs in the Baltic and North Seas. Only about 10 percent of them contain poison gases: mustard gas, lewisite and nerve gases – sarin and saman. The first is slowly destroyed as a result of chemical reaction with sea water, the latter two are already practically neutralized by it. The situation with lewisite is more precarious – it should have been rendered harmless, but how can it be extracted from rusted containers? And what should be done with it afterwords?

N.T. Burn it on board ships or at special plants ashore? Convert it into something useful?

Th.S. Burning poison gases in the sea is prohibited by international conventions. Theoretically this is possible on land, but will any country let a cargo like this into its ports? How are the munitions to be delivered to a plant to be destroyed if the separation of the explosives and the chemicals therein contained is practically possible (if at all) only under special conditions? Before letting oneself in for an adventure of the kind, it's necessary to honestly warn the public about the risks both the seamen and the population are going to face.

N.T. So what's to be done?

Th.S. First, international cooperation should be organized for the planning and carrying out of research (and nothing more!) in order to find out accurately what has been buried and where exactly. In particular, it's necessary to determine, with the help of the archives, the contents of the munitions and bombs, the state they are in and the possibility of their surfacing. Only at a later stage will it be possible to decide collectively what to do with the "drowned stuff." Such an important decision as this can't be entrusted to "bustlers" which doesn't rule out participation of Russian experts, inclusive of military ones, in all specialized processes.

Boris Yeltsin discussed this matter with George Bush this April. However, the partners are in no hurry to open their purses. The expenses are going to be enormous, while the returns are uncertain.

Smooth on paper

N.T. And what's the situation with ground-based chemical weapons? The USA and the USSR promised to destroy them.

Th.S. It's the stored poison gases which should be tackled first of all. Both countries have about 40 thousand tons of the stuff each, and they took the obligations to liquidate them within 10 years. The USA started the procedure on the Johnston Atoll where they brought chemical weapons from

Germany and Okinawa. They burn them little by little, developing the technique for a few more (probably seven) plants in the vicinity of depots on the US territory. The American programme operates on a 6,500 million dollar fund.

N.T. No progres is observed in Russia...

Th.S. There is a ready plant in Chapayevsk which hasn't been started because of the pressure of the local public opinion. As far as I know, there are nice projects of small mobile plants, but their destruction capacity is far too insignificant to cope with such a grand task. I hear about the building of two superlarge plants, but they will hardly be able to burn more than 2,000 tons a year, which will stretch the process of liquidation for 20 years. It would be better to have several plants in the vicinity of large depots, which will render long-distance dangerous transportation unnecessary, facilitate observance of technological conditions and protection of the environment.

N.T. How much will it cost?

Th.S. Nobody knows. Last year 5,400 million rubles were mentioned, this year, 28,000 million. A commission headed by the well-known expert Anatoly Kuntsevich has been set up to clear up the situation and forward a report to the government.

I'm distressed to state that whereas there is no guarantee that the USA will be able to accomplish the liquidation within 10 years, there is no doubt that Russia won't manage it, at least without foreign aid.

N.T. Does this mean that the control over the situation has been lost to some extent?

Th.S. Whereas formerly Moscow agreed to dismantle its poison gas-producing plants, today the Russian Foreign Ministry talks about their conversion. It was planned formerly to burn and neutralize chemical agents, now there have appeared projects of their destruction by means of underground nuclear explosions. A clear picture is lacking.

N.T. In other words, instructions from the Kremlin are required which would introduce certainty and calm down Western sceptics.

Th.S. They would be very useful. As concerns biological weapons, Boris Yeltsin has personally put a resolute dot under them. A similar clarifying of Russia's political stand would also be desirable in the case of chemical weapons.

A super-crematorium or a nuclear hell?

N.T. Are Russian and Western experts' approaches to the problem of the safe destruction of poison gases similar?

Th.S. Not quite. The Americans who have dealt with the problem for 30 years already believe that the safest way is to burn chemical agents in special "smokeless" furnaces. The Russians think that mustard gas and lewisite should be neutralized. For example, it's possible to obtain pure arsenic used in electronics from lewisite. Lewisite hasn't been dealt with much in the USA, but there are doubts that neutralization is

This is how chemical munitions were manufactured in the USSR (above) and in the USA (below)

the right way to deal with it, because neutralization yields toxic waste whose mass exceeds the weight of neutralized gases by five times.

N.T. What about non-traditional technologies, for instance, underground nuclear explosions?

Th.S. The company CHETEK recommends putting chemical weapons or other dangerous wastes in mines to destroy them with a nuclear explosion. I know that Boris Yeltsin discussed such a possibility with nuclear experts and even sanctioned carrying out an experimental explosion this autumn. I doubt if this is possible in the present Russia, although theoretically this would allow the destruction of five thousand tons of poison gases at a blow.

This method was examined in the USA and it was found that it doesn't guarantee sufficient safety. God alone knows what will occur at the site over the future two or five hundred years. Kazakhstan no longer allows experiments to be carried out in Semipalatinsk, while thousands of tons of poison will have to be transported to Novaya Zemlya through all of Russia. The risk of a catastrophe, albeit only a transport one, nullifies potential advantages.

N.T. The temptation to save expenses and let nuclear experts earn some money is too great...

Th.S. The idea as such should not be crossed out, it simply is not thought out well as of yet. There are other technologies too – destruction by laser or electro-chemical means which look attractive but require further investigation. Pleasant surprises are not ruled out by the end of the century. It would be reasonable to prolong the term for the liquidation of chemical weapons to about 15 years under the new convention.

Will there be a convention?

N.T. There have been talk about a new international convention for a long time, it seems ready now?

Th.S. Yes, the final text is to be approved this August. For the first time not only the use of chemical weapons, but also its production, storage and transfer to other countries will be prohibited. The document will help Moscow too. A special body for the convention is being created in The Hague which may be turned to for help.

Generally speaking, Moscow should seek cooperation on the part of its partners more insistently. For instance, four thousand special containers were made to transport American chemical weapons from Germany. Why shouldn't Russia borrow them for its own transportation purposes? No reason to be shy – it's our common cause, after all.

N.T. Does the convention provide for a control mechanism? The "chemicalization" of Iraq was the result of insufficient control.

Th.S. Yes. Iraq used the lax stand of Western governments and the irresponsibility of Western firms to its advantage. Those responsible for giving this opportunity are going to face harsh sanctions now.

N.T. Will this stop fanatics, especially in the Third World countries?

Th.S. I hope they will take into account Iraq's deplorable experience. It didn't run the risk of resorting to chemical weapons during the war and now it has to destroy them...

N.T. And who poisoned the Kurds in north Iraq?

Th.S. Baghdad, of course. It's always easier to kill civilians. But what's the result? They failed both to scare the Kurds and to conceal the crime. The world community consolidated into the anti-Iraqi coalition and took Iraqi Kurdistan under its protection.

N.T. Are there other "chemistry lessons" for state leaders and the military to learn?

Th.S. I'll mention the two major ones. First, there is a growing understanding that the military value of chemical weapons is trifling: it's difficult to use them technically and too expensive politically. For that reason they didn't play any significant role in conflicts after WWI. It's noteworthy that conflicting sides, be it in South East Asia, Afghanistan or Karabakh, exploit the issue of chemical weapons to discredit each other. These weapons are best suited for propaganda. Second, it turns out that they are easier to create than get rid of. Their liquidation is 50 to 100 times more expensive than their production. As testified to by the Baltic example, they can't be drowned even in the sea without leaving a trace...

STOCKHOLM

Photos from the magazine Panorama (Italy)

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DOSSIER

INSTRUCTION ON THE PROCEDURE FOR ASSESSMENT AND PAYMENT INTO THE BUDGET OF INCOME TAX FROM ENTERPRISES

(Continued from No.36)

VI. MODIFICATION OF TAX RATES AND BENEFITS

41. Tax rates, and well as the composition of tax rebates under this Instruction, are subject to modification as the federal budget for the following financial year is approved.

42. Governments of constituent Republics of the Russian Federation and government authorities in national-state and administrative-territorial entities may, in addition to benefits provided for under this legislation, establish for certain categories of taxpayers additional tax benefits within the limits of the amounts of tax payments remitted into their budgets.

Tax benefits to individual taxpayers shall not be permitted.

VII. TRANSFER OF TAX PAYMENTS INTO BUDGETS

43. Remittance of tax payments into budgets shall be effected in accordance with the Law of the RSFSR "On Fundamentals of the Tax System in the RSFSR" and other legislation.

VIII. SPECIFIC FEATURES OF TAXATION OF ENTERPRISES OF DIFFERENT ORGANIZATIONAL FORMS AND LEGAL STATUS

44. The income of an enterprise established by a private individual shall be taxed in accordance with Chapter V hereof. The personal income of a founder of such an enterprise as derived from the performance of duties performed there, as well as other income derived in connection with the enterprise, shall be taxed in accordance with the Law of the RSFSR "On Income Tax from Individuals."

45. In transacting business by a full partnership, the income shall be distributed among its members prior to taxation, on the basis of an agreement signed between them.

The income distributed in favour of a legal entity which is a member of a full partnership shall be considered as such legal entity's income from non-marketing operations and shall be taxed jointly with other incomes of such legal entity.

The income distributed in favour of an individual who is a member of a full partnership shall be taxed in accordance with the Law of the RSFSR "On Income Tax from Individuals."

46. In transacting business by a mixed partnership, its come shall be taxed in accordance with Chapter V hereof.

The incomes of participants in a mixed partnership shall be taxed as follows: the incomes of a legal entity shall be taxed as part of the overall amount of gross income, while the incomes of an individual shall be taxed in accordance with the Law of the RSFSR "On Income Tax from Individuals."

47. The incomes of open joint-stock companies and limited liability companies (private joint-stock companies) shall be taxed in accordance with Chapter V hereof.

Incomes (dividends, interests) derived by shareholders or participants in a company shall be taxed as follows: the incomes of a legal entity shall be taxed as part of the overall amount of gross income, while the incomes of an individual shall be taxed in accordance with the Law of the RSFSR "On Income Tax from Individuals."

IX. THE PROCEDURE FOR ASSESSMENT AND THE DATES OF PAYMENT TO THE BUDGET

48. The amount of income tax shall be determined by taxpayers independently on the basis of accounting reports, in accordance with the provisions of this instruction.

49. Within a quarter, taxpayers shall effect advance tax payments assessed on the basis of projected amount of income for the taxable period and the rate of tax.

50. To facilitate verification of correctness of assessment and remittance into the budget of full amount of income tax, enterprises shall submit to tax authorities at the place of their business, on a quarterly basis,

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on the first day of the month that follows the month under review, their reports stating projected amounts of income for the current quarter, patterned on the form given in Annex 2 to this Instruction.

51. Such reports on projected amounts of income shall be forwarded by enterprises in duplicate, of which one copy shall be passed to the financial authority at the place of their business.

In the said reports, the enterprises deriving income from operations enumerated in paragraphs 26 to 28 of this Instruction, shall indicate projected amounts of income by each type of operations.

52. Advance tax payments should be made by taxpayers twice monthly, not later than the 10th and 25th days of each month, by equal installments, in the amount of one sixth of the sum of income tax due quarterly.

53. At the request of payers submitting a small amount of payable income tax, the executive authority at the place of business of such taxpayer may prescribe one date for payment of tax, the 20th day of each month, in the amount of one third of the sum of income tax due quarterly.

54. Upon expiration of the first quarter, six months, nine months and one year, the taxpayers shall assess, by accumulating total from the beginning of the year, the amount of tax on the income actually received by them, and the established tax rate.

Enterprises deriving income from several types of activities specified in paragraphs 30 to 32 hereof, shall assess the amount of income tax separately for each type of operations.

55. The assessment of tax on incomes derived from casinos shall be done separately for each individual arrangement.

Taxpayers shall submit to government tax inspections the assessment of tax on incomes derived from auctions not later than 15 days from their termination. The form for tax assessment shall be patterned on the form given in Annex 3 to this Instruction.

56. The payment of tax shall be effected by quarterly settlements within five days from the date prescribed for submitting the accounting reports, while the payment by annual settlements shall effected within ten days from the date prescribed for submitting the annual accounting reports.

57. Enterprises shall be obliged to submit to appropriate banks their payment orders for remittance of taxes into the income tax budget. These shall be submitted by enterprises before the payment is mature and shall be processed in priority order.

58. The amounts of taxes paid in excess of the sum due shall be counted as part of the next installment due, or refunded to the taxpayer within ten days from the date of receipt of an application in writing from the taxpayer.

59. Taxpayers shall present to tax authorities at the place of their business their assessments of the amounts of income tax, which should be patterned from the forms given in Annex 2 to this Instruction, as well as their accounting reports and balance sheets.

60. Taxpayers shall be obliged, in accordance with the established procedure, to submit to tax authorities, in addition to their income declarations, accounting reports and statements by auditors certifying their authenticity.

61. Failure to submit to taxation authorities such an auditor's statement or an agreement on the provision of auditing services shall provide grounds for holding the said taxpayers responsible in accordance with the established procedure.

X. SPECIFICITY OF PAYMENT OF INCOME TAX BY ENTERPRISES WITH FOREIGN INVESTMENTS

62. During a year, taxpayers with foreign investments shall make advance quarterly payments amounting to one fourth of the annual tax, not later than March 15, June 15, September 15 and December 15.

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63. The payment of tax on actually derived annual income shall be effected within ten days from the date prescribed for submitting the annual accounting report.

XI. AGREEMENTS AND OBLIGATIONS REGARDING TAXATION

64. Should international treaties entered into by the RSFSR or USSR establish rules other than those set forth in this Law, the norms of international treaties shall prevail.

65. The Law "On Income Tax from Enterprises" shall not affect tax privileges established by general norms of international law and specific agreements of the RSFSR or USSR with other states.

66. Levy of income tax on foreign legal entities may be discontinued or limited on the principle of reciprocity whenever, in the respective foreign state, similar measures are applied to Russian legal entities.

67. It shall be prohibited to include in aggreements and contracts taxation clauses by which an enterprise or a foreign legal entity would assume an obligation to bear costs related in the payments of taxes of other taxpayers.

XII. REMOVAL OF DOUBLE TAXATION

68. The amount of income derived outside the Russian Federation shall be included in the total sum of taxable income in the Russian Federation and shall be taken into account in determining the amount of tax.

69. The amounts of taxes on incomes derived outside the Russian Federation, paid by enterprises abroad in accordance with the laws of other states, shall be counted as payment by such enterprises of income tax inside the Russian Federation. The amount of such counted payments may not exceed the amount of income tax payable in the Russian Federation with respect to incomes derived abroad.

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XIII. RESPONSIBILITIES AND LIABILITY OF TAXPAYERS

70. Responsibilities and liability of taxpayers shall be governed by the Laws of the RSFSR "On State Tax Service" and "On Fundamentals of the Tax System in the Russian Federation."

71. Payers of income tax shall be obliged:

a) To keep accounts in accordance with the established procedure, to prepare reports on financial and economic activities, and to ensure that the same are kept safe for a period of at least 5 years; to submit to tax authorities documents and data necessary for the assessment and payment of taxes;

b) Provide access to, and in appropriate cases, to submit documents confirming their rights to tax privileges;

c) To pay in a timely and appropriate manner the amounts of taxes due;

d) To admit officials of tax authorities for the purpose of inspecting premises where operations are carried out related to deriving income from, or maintenance of, the objects of taxation, as well as for the purpose of verification with regard to the issues related to the assessment and payment of taxes;

e) To make corrections in the accounting documents to the amount of concealed or understated income revealed as a result of verification by tax authorites;

f) To comply with the instructions of tax authorities in regard to rectifying discovered violations of legislation on taxation.

72. Management and officials of enterprises shall be obliged to sign the report on verification conducted by a tax authority, and, should they dispute the facts stated in such report, to present a written statement explaining the basis for such disagreement.

73. Responsibility of a legal entity in regard to payment of taxes shall cease upon payment of tax, or upon abolition thereof. Inability by a legal entity to pay the tax shall constitute grounds for adjudication of bankruptcy of such a legal entity, in accordance with legally established procedure. In the event of liquidation of a legal entity by order of a court of law or by decision of the owner, the responsibility for paying tax arrears shall be vested with the liquidation commission.

74. The responsibility for correctness of assessment and timeliness of payment of tax and compliance with the applicable legislation regarding taxation shall be vested with taxpayers and their officials.

75. The State Tax Service may apply the following sanctions to taxpayers violating the legislation on taxation;

a) Recovery of the entire amount of concealed (understated) income, or the amount of tax on such concealed (unaccounted for) object of taxation and fine in the same amount; in the event of repeated violation, the same amount is to be recovered, plus a fine twice that amount. Whenever a court of law establishes the fact of deliberate concealment (understatement) of income, the court may, acting on a suit by the State Tax Service or the procurator, impose a fine five times the amount of concealed (understated) income. Corrections shall be made in the books of accounts to the amount of such concealed (understated) income and the tax shall be collected at the established rate;

b) Recovery of a 10 percent fine of the amount of tax due for the last quarter under review immediately prior to verification, for each of the following offenses:

– absence of accounting with respect to the object of taxation;

– accounting with respect to the object of taxation being kept in such a way that grossly violates the established procedure, thus resulting in concealment (understatement) of the amount of tax for the period under review, not less than five percent of the tax payable in the last quarter under review;

– failure to submit (failure to submit in due time) documents necessary for the assessment and payment of taxes;

c) Recovery into the budget of taxes in arrears, and the arrears of other mandatory payments, as well as the amounts of fines and other sanctions provided for under the legislation, from legal entities without recourse to the court;

d) Taking legal actions seeking injunction in accordance with the established procedure to engage in enterpreneurial activities;

e) Filing suits in a court of law or arbitration tribunal seeking:

– liquidation of enterprises on the grounds provided for in the legislation of the RSFSR;

– recognition of deals null and void and recovery into the state budget of the entire amount of profit derived from such deals;

– recovery of property acquired illegally through fraudulent actions, rather than as a result of a deal;

f) Officials guilty of violating tax legislation shall be held financially and legally responsible, in accordance with the legally established procedure.

76. In the event of late payment of tax, a fine shall be recovered from the taxpayer in the amount of 0.2 percent from the sum in arrears for each day overdue, beginning from the date on which the payment became mature with respect to the amount of payment thus delayed. Payment of such a fine shall not exempt the taxpayer from other forms of responsibility.

77. The amounts of tax paid in excess of the correctly assessed sum as a result of miscalculation or following an improper procedure for tax assessment shall be refunded or counted as part of other payments due from the taxpayer, unless one year has expired from the day on which such payments were received. Submitting an application for such refund of excess payments shall interrupt the course of the above one year period. The refund from the budget of such incorrectly paid tax is only possible within a period not exceeding one year from the discovery of such inaccurate payment.

XIV. CONTROL BY TAX AUTHORITIES

78. The monitoring of correctness and timeliness of collection of the income tax into the budget shall be carried out by the tax authority at the taxpayer's place of residence or place of business from which they derive their income, in accordance with the Law of the RSFSR "On the State Tax Service of the RSFSR" and other legal acts.

79. The limitation of actions as regards claims to legal entities for recovery of taxes into the budget shall be 6 years, while the limitation of actions as regards physical persons shall be 3 years.

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DECREE No. 161 OF THE COUNCIL OF MINISTERS OF THE RSFSR OF MARCH 20, 1991, ON OPERATIONS OF COMMODITY EXCHANGES IN THE USSR

The Council of Ministers of the RSFSR hereby resolves:

1. To consider necessary the establishment of commodity exchanges on the territory of the RSFSR.

The Councils of Ministers in constituent republics of the RSFSR, territorial and regional executive committees, executive committees of Soviets of People's Deputies in autonomous regions and territories, Moscow and Leningrad city councils, shall provide assistance to commodity exchanges in consolidation of their material basis, in trasfer, sale, lease and improvement of non-residential premises, and shall allocate land to stock exchanges for the construction of premises for holding tenders.

2. To establish that operations of commodity exchanges on the territory of the RSFSR shall be subject to licensing.

The State Committee of the RSFSR on Anti-Monopoly Policy and Support of New Economic Structures shall, within the period of one month, determine the procedure for issuing licences to performing the said operations by commodity exchanges.

3. To approve the attached Interim Regulations of Commodity Exchange Operations in the RSFSR.

Chairman of the Council of Ministers of the RSFSR
I. SILAYEV

Head of Business Administration of the RSFSR Council of Ministers
A. TRETYAKOV

APPROVED by Decree No. 161 of the Council of Ministers of RSFSR of March 20, 1991

Interim Regulations of Commodity Exchange Operations in the RSFSR

1. These regulations shall govern the procedure for the establishment and operation of commodity exchanges on the territory of the RSFSR prior to the adoption of the Law of the RSFSR on commodity exchange and trade operations through commodity exchanges.

2. Commodity exchanges shall be established for the purpose of providing intermediary services in concluding trade deals, better organization of commodity trade and regulation of trade operations, collection and publication of data and stock exchange prices, and the state of industry, trade, transport and other factors that influence prices.

3. Commodity exchanges shall be established by enterprises, organizations and individuals. Organs of state administration of the RSFSR may also act as founders of commodity exchanges. A commodity exchange is founded as a voluntary association of interested persons on the basis of shared contributions and participation in the operations of exchanges.

Commodity exchanges shall be registered in accordance with the procedure established by the Law of the RSFSR "On Enterprises and Entrepreneurship" for enterprises.

4. The minimum amount of authorized capital of commodity exchanges shall be established at 10 million roubles.

5. The State Committee of the RSFSR on Anti-Monopoly Policy and Support of New Economic Structures, the State Committee of the RSFSR on Economic Affairs and the State Committee of the RSFSR on Material and Technical Provision of Republican and Regional Programs shall issue to commodity exchanges the licences to perform exchange operations and shall monitor their compliance with these regulations.

6. Founders and members of commodity exchanges shall be obliged to provide conditions for public tenders (with the time and place specified and announced in advance to the public at large of a general meeting of commodity exchange, mandatory announcement of all bids and tenders and demand at commodity exchange meetings) and registration of all deals concluded at commodity exchange meetings.

7. Trade operations shall be performed by commodity exchange members, such as enterprises, broker firms and brokers.

8. Commodity exchanges shall independently establish the procedure and rules of their operations, which must provide for a mechanism of monitoring the process of pricing at commodity exchanges.

9. Enterprises, organizations, broker firms and other entrepreneurs shall be allowed to market at commodity exchanges (as per commodity nomenclature), at free prices, the goods produced in excess of state order quotas and obligatory commodity deliveries as part of inter-republican commitments.

10. Licences to performing commodity exchange operations shall be issued to commodity exchanges, the founders and members of which ensure compliance with the provisions stipulated by these regulations. Licences shall specify the nomenclature of commodity sections.

Should commodity exchanges, in the process of their operations, violate provisions stipulated by these regulations, licences may be suspended by the State Committee of the RSFSR on Anti-Monopoly Policy and Support of New Economic Structures.

11. Measures by the State Committee of the RSFSR on Anti-Monopoly Policy and Support of New Economic Structures may be appealed in the State Arbitration of the RSFSR.

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Moscow autoshow

Manufacturers from 19 countries displayed their cars, trucks, buses, motorcycles, spare parts and automotive equipment at the first Moscow international autoshow held in the All-Russia Exhibition Centre last month. Among them were nearly all major companies from Japan, Germany, France, Italy, the United States, Sweden, the Netherlands and Britain.

A motor vehicle exhibition on such a scale is a first for Moscow. Perhaps it was not as spectacular as the famous international autoshows, and faults could maybe be found in its organization. However, an impressive start was made. It is a welcome change that the car manufacturers of the former Soviet Union now have a venue for meeting with each other and with leading companies in the automotive industry, to be competitive on the world market they will need to combine their efforts.

The Likhachev motor works displayed at the show its trucks fitted with Perkins diesels and Caterpillar engines. New models, developed jointly with Western companies, were demonstrated by the KamAZ manufacturer. An UAZ–LLD jeep, produced by the Ulyanovsk motor works, also evoked interest at the exhibition.

There was the impression that Volvo, Renault, DAF, Volkswagen, Opel, Toyota, Mitsubishi, Mazda, SAAB and other companies were trying to size up their opportunities for entering the new market. Each of them displayed a wide range of their automobiles. They were not, however, making an obvious attempt to excite the visitors' imagination with experimental models. Nevertheless, Muscovites were enthusiastic about the latest models of these companies brought together at the autoshow.

A prototype of a car of the near future, developed by Citroen, evoked particular interest among visitors. A hydraulically active suspension, a built in computer which, with travel data fed into it, shows the way to the driver, and a super-modern design distinguished this car from the others. Though it is a symbol of advanced technology and prestige in Europe, Citroen is nonetheless behind other automobile manufacturers in the market of the former Soviet Union. Citroen was therefore especially eager to display its latest models at the Moscow show.

Hard currency earnings augmented

As many as 12,752 enterprises, 1,100 of which are joint ventures, are presently operating in foreign trade. During the first half of 1992, their exports totalled R870 million, while imports amounted to R540 million. The monthly hard currency turnover in trade amounts to about $10 million.

These are the figues presented by Joseph Ordjonikidze, chief of the Foreign Economic Ties Department, at a sitting of the Moscow government. Mr Ordjonikidze stated that this year, the Moscow government plans to earn $44 million, as compared to last year's $15 million. He sees the government's main task as making Moscow self-sufficient in terms of hard currency. With this goal in mind he calls for the enlarging of the budget.

Mr Ordjonikidze stated that to attract foreign investments in 1992, several projects are planed: to construct a Coca-Cola producing plant, open the Business Centre and the so-called "Moscow City" Centre in Moscow. The agricultural industry, construction complex, and tourism-developing structures were named the main sources for the city's hard currency inflow. To create a lease fund, two or three insolvent enterprises shall be sold to some interested foreign firms, and several vacant lots shall be offered under lease. Mr Ordjonikidze emphasized that to attract foreign investments, it would be wiser to charge real estate rent in hard currency, as it is exempt from taxes. In the case of ruble settlements, the tax will amount to 40 percent of the sums paid.

On the other hand, Mr Yuri Andreyev, the Moscow Assets Committee chairman, underlined the urgent necessity of creating a juridical basis to make it easier for foreign companies to help the city in providing for the budget.

Moscow mayor Yuri Luzhkov described the activity of the Foreign Economic Ties Department as unsatisfactory.

The city government declined the project for attracting foreign investments as prepared by the Foreign Economic Ties Department. Two weeks were given to improve the project, and the mayor threatened "to manage without the Department itself," should it prove unable to comply.

Facelift for downtown St. Petersburg

An agreement has been signed in St. Petersburg calling for the formation of a stock company to overhaul sections of the old city. The area comprises much of downtown St. Petersburg. The agreement was struck between the company RINAKO, the Lenzhilniiproekt research institute, City Hall, and an undisclosed construction company.

The JV chartered stock will go for 40 million rubles. The JV plans to issue registered common equity and shares bearing certain obligations. Buyers of the latter will be obliged to place premises, equipment, transport, etc., at the disposal of the new company. This project requires 1.5 billion rubles in annual funding.

The project provides for the construction of new municipal housing for the tenants of shared (communal) apartments and the transformation of the vacated premises into offices and hotels (the premises will be sold at auctions and tenders).

Bon "Voyage" to Brussels

1991 was unfavourable for the travel industry worldwide, particularly so for the former Soviet Union's travel agencies. Political and economic instability, followed by the demise of the USSR in December 1991, led to a number of Intourist's partners reducing or even withdrawing offers to travel to Russia.

Although Benelux countries were not unaffected by the slump, the Luxembourg-based firm Intourist Voyage continued to actively promote the tours offered by Intourist. The firm's financial results for the year were, overall, fairly satisfactory.

The firm's success led the board of directors of Intourist to accept its proposal to open a branch in Brussels. Permission to register the branch was granted by the Belgian authorities at the start of 1992. The branch received the category of "tour operator" and has the right to sell tours and tickets directly to customers. The branch has gone into operation at the following address: 2, Ravensktein Gallery, 1000 Brussels.

Among its tasks are the recreation of Intourist's tours to Russia and the rest of the Commonwealth. For these purposes, Intourist will make special provisions in its 1992-1993 budget.

The Russian business world's "enfant terrible" and his Alysa

This young man looking like a college student is President of the Young Millionaires' Club and of the Alysa private exchange. Having started out with 60,000 rubles to his name, he built up a multi-million fortune in half a year

The success story of Gherman Sterligov, a 25-year-old millionaire, is unique. His brother Dmitry and himself registered their private building materials exchange, named Alysa after Gherman's Caucasian shepherd, in December 1990, as a limited liability company with an authorized fund of 60,000 rubles. Some six months later, its daily turnover beat all records. Journalists are still busy trying to find out the secret of Sterligov's success, "where the dog lies buried." In the meantime, a picture of his dog – the Alysa trademark – appearing on TV screens, as well as newspaper and magazine pages now and again. It has become a symbol of what is now a far-reaching network comprising, besides commodity exchanges, dozens of companies, their lines varying from construction to show business.

If you don't know Gherman Sterligov by sight, you can easily mistake him for a Moscow college student. Actually, he is twice President – that of the Young Millionaires' Club and of the Alysa private exchange, one of Russia's leading ones in sales turnover. According to Gherman, the exchange brings in two million rubles a day in net profit.

"I see no competitors in this country. Those who strive to be are ruined by two vices – cowardice and greed," he says. False modesty is not among Sterligov's foibles.

The papers called this impudent young man all sorts of names – a CPSU Central Committee and KGB plant, a Mafia figurehead. His climb was too fast. He doesn't even try to give any explanations:

"I've got used by now to accusations that I'm a drug trafficker, a racketeer, a Party agent, a KGB agent, that I am on the payroll of foreign big business... As a matter of fact, all this is most flattering to me. People won't believe that I'm a self-made man. I take what they say about me as praise, and I like it."

The emblem of the Alysa exchange: "Our dog Alysa brings us luck"

Here is what Gherman Sterligov himself has to say about the sources of his initial capital:

"I got a two-million-ruble loan from a Moscow bank. My guarantor was Artyom Tarasov, the first Soviet millionaire, who edged in a word for me. There were no other sureties. I had not a penny to my name. I returned the money in two months. Since then I have never borrowed money. Alysa needs no credit, and if it lends money itself, it charges no interest.

"I have never sold or bought anything. I'm no good at that sort of things."

"What made you interested in commerce? At your age, it is too early yet to sit down to memoirs, of course, but I'm sure you've already had some memorable experiences in your life, haven't you?"

"It all started with boredom, the usual boredom of someone in a rut. In school, I didn't make much progress, except in history, my history marks were straight A. Having completed a tour of duty in the army, I entered the Moscow University's law school but didn't stay there long – just a year. After that, I did all sorts of odd jobs – worked at a factory, helped build roads and bridges, even cowsheds, and pastured horses.

"I first tried my hand in business in 1989. The company I kept – old classmates mostly – decided to start a cooperative, but we were not quite sure what line of business to take up. We had no money but bubbled with ideas. One of them, the simplest, proved lucrative: to arrange concerts in Moscow railway stations' waiting rooms. We found the performers on Arbat Street and promised them 10 rubles a minute – big money at the time. After the first concert had started, my companion suggested we keep close to the door and take to our heels if we didn't collect enough money to pay the entertainers. Two hours later, however, we did not only settle with them but had an attaché case full of coins and small notes. And a week later, our concerts were on in the waiting halls of six railway stations. We had to hire a car so as to move the entertainers quickly from station to station. Such a merry-go-round brought us several thousand rubles a day."

Had it not been for the Decree of the Council of Ministers which prohibited cooperatives from engaging in public

entertainment, Gherman Sterligov might have become a show business tycoon by now. The next stage in the would-be millionaire's career was the rendering of legal services. Gherman enlisted the cooperation of his fellow-students at the Moscow University's law school. The former "concert" cooperative switched to signing contracts with companies for the provision of legal services and information, and to making out relevant documents. Gradually, the cooperative gained a good reputation, and its incomes now ran into 50,000-100,000 rubles a month. Its founder obviously had no time to spare on studies. He was too busy doing business!

As the cooperative established itself, Gherman became bored again. The romanticist in him got the better of the businessman. A travel period began. Having bought an invitation to the "coffee republic" from a Nicaraguan student, Sterligov set out on a journey, taking along a friend and three thousand dollars he had earned under a contract with the ANT company. From Nicaragua they intended to proceed to the Dominican Republic, then, by sea, to Puerto Rico, and then to the US for a young entrepreneurs' conference. The plan was not destined to materialize. Fate decided otherwise. In Port-au-Prince, Gherman lost almost all his money in a casino. His friend spent the remainder on a ticket home, leaving the would-be millionaire in a strange country without money nor connections. He roamed the streets, fed on bananas only, and made a living as a cane cutter. But then, in his own words, he learned the language well and could express himself without difficulty. Another adventure almost cost him his life: as he tried to get to Puerto Rico, his dinghy crashed against reefs, and fishermen, who happened to be nearby by some miracle, pulled him out of the shark-infested sea.

Back in Moscow, Gherman found his cooperative falling apart. There were few clients left, and the office was a cubbyhole in a small rickety house. Urgent repairs were needed, but he couldn't afford to buy costly building materials. It was then, perhaps, as lumps of plaster fell on his head, that the idea of establishing a building materials exchange occurred to Gherman. Factories, plants, workshops and cooperatives sent their supply agents – thousands of them – to all corners of the country in search of timber, paints, cement, bricks. The state distribution system could no longer meet market requirements. Given experience and money, one could make good business by getting an efficient commodity exchange under way in this sphere. Gherman had neither. He refused to listen to sceptics, however. Was that why he succeeded? He decided to take the business by storm. The very notion of a commodity exchange sounded exotic in the USSR then. They were just beginning to emerge on the business scene.

Artyom Tarasov, Alysa's "godfather"

Formerly General Director of the Istok Foreign Trade Association, Vice-President of the USSR Cooperatives' Union, Deputy of the Supreme Soviet of the Russian Federation.

Now lives in London, offers consultations to companies wishing to expand into the Russian market.

A member of the Young Presidents of the World association

A. Tarasov: *"Business is art." "The economy flourishes only where the level of free enterprise is high."*

"Billions of dollars made by our oil companies, building organizations and gold miners lie idle. They are not allowed to use this money. My aim is to cash in on that 'dead' money, to put it into circulation. And the more I earn, the more money in circulation, and the more goods on the market"

Without much hope of success, Gherman approached Artyom Tarasov, the well-known entrepreneur, on the matter. Shortly afterwards, the Stolichny Bank granted Sterligov credit against Tarasov's guarantee. Tarasov is, perhaps, the only person Gherman Sterligov has respect for. "Older businessmen did not trust us," he says. "Artyom Tarasov was the first to have enough faith in us to give us money. I am extremely grateful to him for moral support. It takes self-confidence to do anything. Artyom helped us in that. He charged us with energy, gave us a strong emotional push."

Most of the money Gherman got went into advertizing. The emblem of the commodity exchange – the head of the dog Alysa – began to appear in all the major publications. The first tenders began in a small operations room measuring 100 m^2. In order to pay back credit and to get large circulating funds, Gherman and his companions began to mortgage brokers' posts instead of selling them, with the money paid not becoming property of the exchange, but serving as security for the transactions made. The practice of mortgaging brokers' posts was a new word in the exchange business in what was then the Soviet Union. Formally, the exchange made no profit on the contribution; on the other hand, mortgage is exempted from taxation. It is to that innovation that the Alysa owed its rapid rise. Initially, brokers' posts were sold at 200,000 rubles apiece, but gradually the price rose to three million.

"Our reputation is second only to that of the Queen of England"

Having thus acquired considerable circulating capital, the company began to put it into factories, real estate and quick-yielding financial projects. Alysa's branches are being set up all over the

country on the franchise principle. The Moscow Alysa's share of their joint-stock capital did not exceed five percent, but each of them joined Alysa's infrastructure right away and added another large region to the exchange system. Today Alysa has 24 branches and about 400 offices in Russia and former republics, and 21 outside the CIS. Those are independent organizations integrated into a common network.

"We give them a start in business, share know-how with them. They play to our rules. All of them have a common emblem – the dog Alysa. They are speeding up their transactions and boosting their turnover."

"Is Alysa comparable with a Western exchange?"

Gherman smiled.

"In the West, an exchange means a fast and guaranteed deal. The deals we make are fast and guaranteed only as compared with our other mediatory organizations. We have no computer communications, just a primitive telephone network. Even the latest communication equipment, however, will not make a company more efficient unless it is confident of its future. We do not even have exchange legislation so far. How can we talk about normal exchange business in a situation where the means of production are not privately owned? It is out of impudence that we call our business an exchange. Rather, it is an apology for an exchange. In the Extreme North, you can't use African methods of banana growing. So we have to think up what suits our conditions."

"Who is your hero?"
"Cortés; the conqueror of Mexico."
"Why?"
"Plenty of guts!"

"Alysa dealt in building materials at first. And now, judging by advertisements, it is prepared to sell goods having nothing to do with construction. Why is this?"

"In a situation where everything is in short supply, it is impossible to confine ourselves to the sales of just one commodity item. In the West, all a seller is after is money which can buy him anything he needs. We do not always have a chance to spend the money we make. Most sellers do not only seek to fetch top prices for their commodities – they also ask brokers to help them purchase some other commodity instead. A contract is signed under which a broker returns a higher profit but gets nothing until he buys what the seller wants, and within narrow time limits at that. This is a kind of multiple and fast barter. Each broker represents about 120-130 trading companies. In 90 cases out of 100, the needed commodity is readily available or will be available tomorrow. Chances of exchanging one item for another directly are rare. As a rule, a broker has to devise intricate combinations, like a bridge player. The more experienced, and the luckier, a broker is, the better a performance he puts in. That is why we virtually hand-pick our brokers. The more deals they make, the higher our profits.

"We can't do without foreign aid. Only money makes more money..."

Russia has become too small for

Ever more people are seeking to get Sterligov's autographs

Alysa. Late last year, Gherman Sterligov announced the establishment of two new American companies – the House of Brothers Sterligof holding company, registered in San Francisco, and Alice in America with offices in Washington and New York. The idea is to secure a market for American goods in Russia through Alysa's structures and to help Russian goods find their way into the US. The principle of operation is the same – the sale of brokers' posts and the granting of franchises. The ultimate objective is to build up a working mechanism of Russian investment in the American economy and of profit reinvestment in the Russian economy. Until now, Sterligov says, hard currency earned by our enterprises and enormous Western credits have been dissolving in our economic morass like pinches of salt. Most of the credits are simply spent on imports. Why not invest them in a well-adjusted market economy where the dollar works and returns a profit, and use them as a means of advancing our backward economy?

Be that as it may, Gherman Sterligov has an office on Wall Street, and Alice in Europe, the British company engaged in various business transactions with Alysa's system in the CIS, is represented in London. Incidentally, Artyom Tarasov, Alysa's "godfather," now living in London, works there. Tarasov and his partner in Russia – Gherman Sterligov – decided to put all the profits they make there into promoting Alysa's activity in Europe and Russia. Now this money is invested in land, in Russia's enterprises, in industrial equipment.

"Private business is just a drop in the ocean so far. What kind of private enterprise can one talk about today? It accounts for a mere one percent of the total industrial effort!"

"Personally, I know how to make a lot of money in this country which is very rich, after all..."

There are plenty of ideas. Some appear utopian, unrealistic today – but then who took Alysa itself seriously a year and a half ago? For example, the Young Millionaires' Club, of which Gherman Sterligov is President, is considering creating an "oasis of developed capitalism" in a country place near Moscow. Before the revolution, the Sterligov family, which belonged to the nobility, had an estate there, hence its descendants' interest in that place.

In cooperation with Western companies, Sterligov and other budding Russian millionaires plan to build hothouses brickworks, homes, hospitals, schools, roads, bridges, everything essential for a normal life. This will create hundreds of jobs for those threatened with unemployment. Only those prepared to do their best will be selected for the project. Foreign investors will have reliable guarantees, and land will be the property of those living on it. This dream, Sterligov told me, could have come true within a year hadn't local authorities interfered. Only a protocol of intentions has been signed so far.

"To me, wealth means not a well-lined pocket, but a chance to make my ideas a reality. I have enough money to last my grandchildren, great grandchildren, and so on, and so forth," Gherman Sterligov confessed. "Imagination fails me to think of what I can spend my money on – high living, villas, cars, palaces. I am indifferent to all this so far. All this money, however, is not enough for carrying out my pet projects. I want to get richer still so as to get more kick out of my work."

As the "projects of the century" are still waiting to be carried out, Gherman Sterligov has taken up art collection, as befits a millionaire. He has already built up a collection large enough to rival the famous Tretyakov Gallery: 400 canvases in all, featuring masterpieces by Malevich, Petrov-Vodkin, Benois and Falk. Sterligov plans to replenish his collection with works by old masters.

"I enjoy collecting pictures," Gherman says, "but all the decisions here are made by experts whom I trust fully. As to the museum, I shall probably open it some time in the future."

Olga Medvedeva

The coat of arms of the Sterligov family

The honour of Memorial

Andrei Sakharov's last press conference, in December 1989, devoted to the signature collecting campaign in support of his Decree on Power. 50,000 signatures were collected altogether

Comparing accounts of suffering is a useless and shameful occupation. A conflict in the human rights activists' camp is developing into a public drama. In collaboration with Memorial's co-Chairman and Chairman of the Russian Supreme Soviet's Human Rights Committee, *New Times* is looking into the sources and the likely consequences of the split

Formally, the conflict began on February 4, 1992, when a five-page letter addressed to Premier Luzhkov and Moscow City Soviet Chairman Gonchar arrived in the Moscow Municipal Council from the City Union of Victims of ungrounded Repression. The authors, Alexander Andreyev, co-Chairman of the Union, and Tatiana Smilga, a member of the Union Council, dwelt in detail on the background story of Memorial which was set up by repression victims and their families; they complained that younger members of the organization had not lived up to the expectations of the elderly ex-inmates of the GULAG. Andreyev and Smilga alleged that the new "democratic ladies and gentlemen of Memorial's leadership" (A. Tokarev, A. Roginsky, V. Mnatsakanov, Ya. Rachinsky, N. Bogatikova, Ye. Zhemkova...) had forgotten all about the veterans. Furthermore, they made the accusation that the younger generation "engaged in commerce disguised as charity, unashamedly misappropriated large sums of money, and often went abroad..." According to Andreyev and Smilga, the leaders of the Memorial "beg for humanitarian aid abroad" on behalf of the GULAG victims... Now that "our old and sick people are threatened with hunger, the 'young democrats' in question order fashionable furniture, good tableware, coffee, cars, refrigerators and other luxuries from Germany."

The last of numerous accusations is that of stealing. The members of Memorial, whom we saw in picketlines on Moscow's Lubyanka when the Dzerzhinsky monument was still there, who were among the first defenders of the White House in the putsch days, who were in the hot spots – Nagorny Karabakh, Ossetia, Dniester Area, where they obtained information, at the risk of their life, about the roots of conflicts and make every effort to restore peace – are labelled as ordinary thieves. "They open parcels of food and clothes meant for victims of Stalin repressions (even if these parcels are addressed to concrete individuals), 'sort them out,' and then distribute what is left among the old people. Some

parcels were lost altogether. Medical humanitarian aid (from Germany – **Ed.**) does not reach us at all..."

Andreyev and Smilga asked the Municipal Council to set up a commission with law enforcement agencies represented in it for the purpose of "investigating the so-called charity work being done by the 'democrats' of the Moscow Memorial."

Correspondents enter the scandal

Moscow's Department of the Interior set up three bodies of inquiry into the matter, but the authors of the letter did not wait for the results. Several members of the Union of Repression Victims applied to a *Vesty* (a TV news programme) correspondent, and on February 12 the Memorial society was attacked from the TV screen. New repulsive details were added to the sinister portrait – it turned out that the "Memorialists" had eaten some cakes sent in from Germany which were meant for elderly convalescents...

The report drew protests, and on the following day *Vesty* had to apologize to its audiences for misinformation and to reprimand the correspont for a "one-sided and superficial approach to the matter."

Nevertheless, Alexander Andreyev found another sympathetic correspondent who, without bothering to hear out the other side, "passed the verdict of guilty" on the latter. In its March 3rd issue, *Moskovskaya Pravda* carried an article by S. Yerisova entitled "Three Sofas for the Centre's Interior." The article reproduced Andreyev's and Smilga's letter to the Municipal Council in detail and revealed another new particular: the "Memorialists" had acquired "three strong sofas in tip-top condition" at time when "the former GULAG prisoners were concerned about their daily bread."

The *Moskovskaya Pravda* correspondent had not visited the Memorial Society offices and, consequently, had no first-hand idea of its interior; nevertheless, she wrote that "there is no smoke without a fire" and referred to another document in her possession about the abuses committed by the Memorial Society's co-chairmans – Ya. Rachinsky and A. Tokarev.

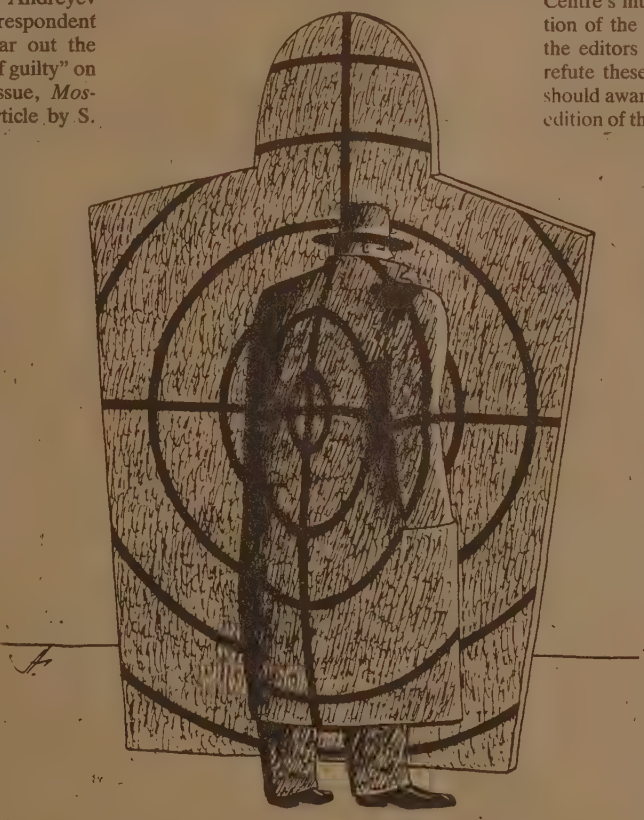
That obviously implied that the enforcement bodies were supposed to prove the "Memorialists" guilty.

In the meantime, the commission of inquiry kept working, and before very long Andreyev and Smilga received a formal reply which went: "The abuses you mention have found no objective confirmation... The commission has established no cases of parcels being illegally opened, of a part of humanitarian aid being stolen, of medicines and hospital equipment being misappropriated, of furniture, cabinets, tableware and other articles sent in from Germany as humanitarian aid being used for personal needs. Information about the leaders of the Memorial society repeatedly drawing on the society's donation funds to pay for their trips abroad has not been confirmed either."

The Council of the Moscow Union of Repression Victims gathered in session on March 19. It adopted a message to the Municipal Council and to the Moscow Department of the Interior, saying that Andreyev and Smilga had appealed to the press and to the law enforcement agencies without the Council's prior approval, which they had no right to do. All their statements, therefore, were to be considered to be those by **private individuals,** not by the GULAG ex-prisoners' organization.

A group of former political prisoners wrote and circulated a letter to newspaper editors, which quoted an official representative of a German charity society as saying that the leadership of Memorial was fully trusted in Germany, that Herr Rachinsky had accounted for all that he had received, that "nothing was lost."

"Yan Rachinsky," the letter said, "has been deeply insulted by the people whom he can neither challenge to a duel, nor simply call the names they deserve... They have insulted Memorial."



Drawing by Arkady Gursky

Damages worth the cost of one day's edition

What is Memorial to do about all this?

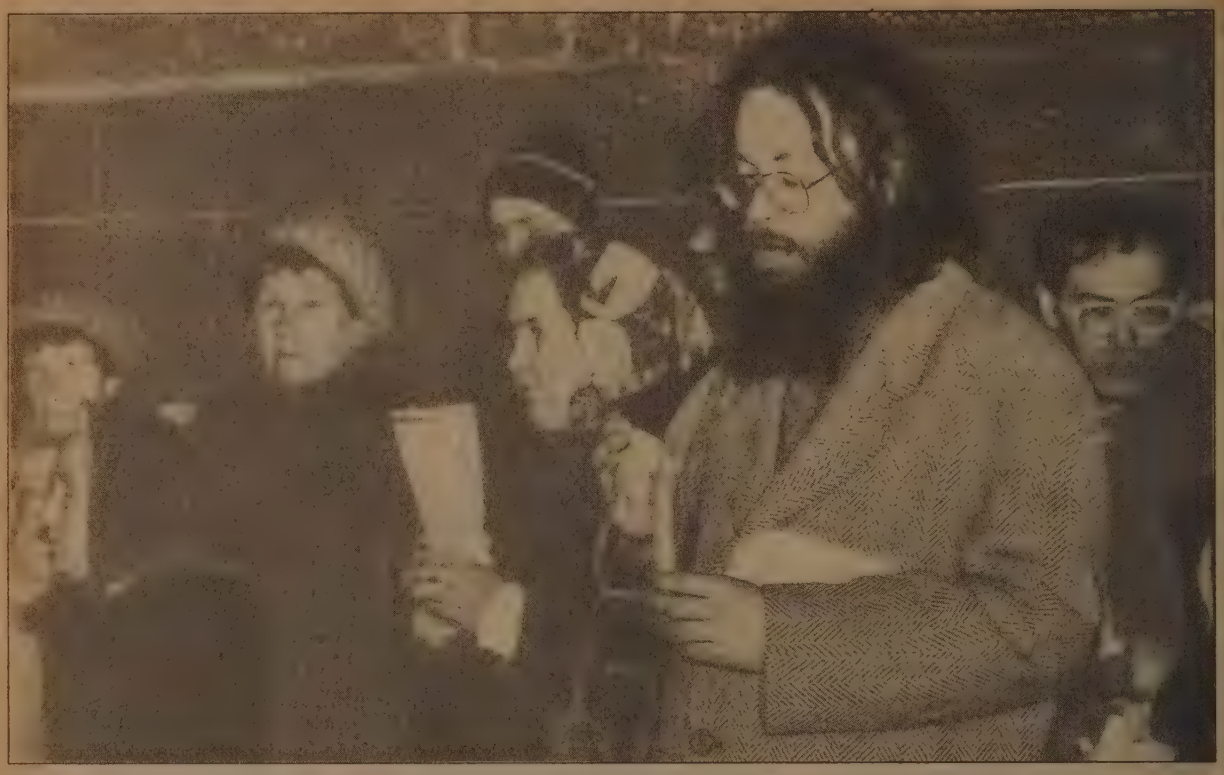
On March 7, the Moscow branch of the Memorial society decided to bring to court for libel the *Moskovskaya Pravda* newspaper, S. Yerisova, the author of the article, as well as Andreyev and Smilga, the authors of the statement. The society issued its own statement of claim, saying, in part: "The allegations that the activists of the Memorial society capitalize on ex-prisoners' sufferings and misappropriate valuables for personal use amount to a defamation of these people and of the society as a whole. All this talk has nothing whatoever to do with reality, and we can easily prove that."

Memorial demands, in its statement of claim, that the allegations and conclusions contained in the article "Three sofas for the Centre's interior" be qualified as a defamation of the Moscow Memorial society; that the editors of *Moskovskaya Pravda* should refute these allegations; and that the court should award Memorial the cost of one day's edition of the paper by way of damages.

The 21-member Council of the Moscow Union of Repression Victims acceded to the Memorial's statement of claim by fifteen votes in favour, six against – and this is the very organization Andreyev and Smilga claimed to be speaking on behalf of.

On June 20, writers like Vasil Bykov, Vyacheslav Glazychev, Yuri Davydov, Fazil Iskander, Vyacheslav Kondratyev, Alexander Milchakov, Valentin Oskotsky, Anatoly Pristavkin, Lev Razgon, Andrei Smirnov, Yevgenia Taratuta, Yuri Shchekochikhin, Yakov Etinger – whom Kronid Lyubarsky referred to as the Big Bears of the pen – came into action.

Thirteen persons, most of them co-founders of Memorial, were outraged by the "scandalous fact of legal action being taken against former political prisoners." The newspaper *Kuranty* carried their collective letter abounding in factual inaccuracies and written in a man-



October 30, 1989. On the political prisoners' day the "Memorialists" staged a demonstration outside the KGB headquarters
Photo from the Moscow Memorial archives

ner uncharacteristic of these well-known authors; for example, many of its sentences start with stereotyped formulas like "On what grounds... Who has given them the right... Who has prompted them... In whose interests... Unhealthy moral atmos phere..." This has given the "Memorialists" reason to believe that the thirteen respectful men have drawn their information from untrustworthy sources.

New Times now gives the floor to Sergei Kovalyov, its veteran contributor, whose stand it shares fully.

Lev Yelin

The right to compassion

The conflict has deeper roots than, say, a *Moskovskaya Pravda* reader may think.

On the one hand, there are old people who had more than their share of suffering in the past. In their time they believed in what no one cares a dime for these days, and the falsity and hypocricy of which is now obvious to all. Most of them were confined to concentration camps either "to fill a quota," as part of another "clean sweep," or because of being next of kin to someone purged earlier (the latter reason applied to T. Smilga herself).

On the other hand, there are the "Memorialists" – younger, no longer young, and Smilga's coevals. Some of them – anti-Stalin underground fighters of the late 1940s – served time in the same Taishet and Norilsk camps as those who had got there "through no fault of their own." Some were jailed after Stalin's death, for dissent. Others luckily escaped the lot of being put behind bars in the 1970s-1980s. I heard "victims" tell those "Memorialists": "You and us, we are different people. As distinct from you, we did not fight the authorities!" They said this in an estranged manner, and their words almost meant censure. "You deserved your prison term, we were just framed up."

Those people had suffered a lot. Their life had often been at stake. They are not secure enough socially today as well, and this should be borne in mind. But what they need today first and foremost are pensions, medicines, food aid... Memorial has been "tailored" to our needs, they think. Not all the Stalin prisoners think so, of course – for many of them squaring accounts with the past and hopes for the future do not boil down to benefits of any kind. For them, just as for younger persons, Memorial means a chance to work, to pave the way for a better future, as it is the centre of the human rights movement. They make trips to conflict-ridden areas, collect information (often in the line of fire), conduct press conferences, issue numerous publications and reports on human rights abuses (some of them appearing in *New Times*). They have set up a Research and Information Centre, which comprises archives, a library and a museum which sponsors seminars, conferences, promotes fruitful cooperation withmajor research centres abroad."

Where does Memorial draw funds for its existence?

The donations for erecting a monument to repression victims lie in the bank unclaimed – this money is not enough. Memorial has not spent a copeck of it on its own needs, however. The "Memorialists" seek subsidies for their research work and find them because they produce interesting investigations and have plenty to show for their pains. Today older people, whose mentality took shape in the 1930s (and whom, incidentally, I have absolutely nothing against), do not care much for all this. As a result, they feel ignored.

"It's us who have given rise to Memorial," they say in an offended tone – but this is not so. Memorial was created by those who conducted signature collecting

campaigns in the streets and then struggled their way through bureaucratic formalities – Oleg Orlov, Dmitry Leonov, Yuri Skubko, Lev Ponomaryov, Yuri Samodurov, Yelena Zhemkova, Alexei Tokarev...

Every step forward in creating Memorial cost them much sweat and tears. They were dragged to militia stations. "You want to perpetuate the memory of the victims?" they were told. "All right, a monument to Tukhachevsky is to be built on such-and-such street, so why don't you go and clean up the site?" In the KGB and CPSU archives for 1988–1989 I saw instructions to split Memorial, to put it on the "right track" by making it a kind of a social security department. I read a report on a conversation with an elderly ex-prisoner who offered the KGB his services along these lines. (Later the man was expelled from Memorial and has nothing to do with this story.)

That was when the conflict and the divergence in views on the role of Memorial had their start. Later came arguments about whether the rooms allotted to the Repression Victims' Association in a small house at 12, Maly Karetny, were right, and complaints about the money being spent on trips to Karabakh or Ossetia and on computers (necessary for our work, be the way) rather than on land plots for the old men and their relatives, and suchlike things... What do they care "big politics" for?

Could they be right about the basic human needs coming first? Should we really stop writing articles and burrowing in archives?

What will become of our culture, then? And, besides, all the grants Memorial has received are purpose-oriented. Having been assigned money for a certain research project, we cannot spend it on galoshes and feltboots.

The younger members of Memorial and ex-inmates of Stalin concentration camps like Feldman, Bulgakov and Shapoval do get humanitarian aid and summer cottages for the old and "haunt the threshold" of the Moscow city Soviet. I personally mediated in sending humanitarian aid to repression victims from the Russian community of Barcelona through Memorial. The Memorial society arranged for the transportation of the aid and distributed the parcels. Not a morsel was stolen.

Now, will anyone send humanitarian aid to Memorial in the wake of the letters made public by *Vesty* and *Moskovskaya Pravda*?

The letter by 13 writers is extremely disappointing. Why do they allege that Memorial is "badgering" Smilga and Andreyev, "lifting its hand against them," and trying "to frame them?" These two actually accuse the society of stealing, and do that time and again, despite ample proof to the contrary. If they are so sure that they are right, why don't they make their case in court? Now they refuse to sue Memorial. Why? Does that mean that they admit they were wrong?

I wonder how intelligent men of letters could afix their signatures to such a message. One feels ashamed for them as one reads it. Larisa Bogoraz had a conversation with Iskander, and I with Pristavkin... Iskander said he had not read the text, that he had been told that the Stalin victims were maltreated and asked to sign. According to Pristavkin, they put a call through to Koktebel, where he was vacationing at the time, and told him that the ex-prisoners were in trouble; they read out a few paragraphs of the letter and said: "You've got to sign it, Tolya. Lev Razgon has signed it already."

I contacted Lev Razgon, and it turned out that he had not read the full text of the letter either. He told me he was indignant at old ex-prisoners being denigrated. As if seeking protection for one's honour and dignity in court meant denigration!

Well, who has read the letter in full, then? One signatory believes another. The other believes someone else (unnamed). As Kronid Lyubarsky aptly put it, before signing they should have consulted their good taste, which would not have let them down.

Can one expect people to have any respect for law in a country where writers accuse of "legal baiting" those wishing to protect their good name in court (as if there is any other way to refute accusations of theft). What kind of a legal reform or rule of law can we talk about in this case?

I wouldn't like to cast stones at the wretched people who have had their lives ruined and their sense of justice deformed (luckily, the latter is not the case with most former political prisoners), who have succumbed to cheap demagogy and believed that Memorial neglected their interests. But what about the writers like Iskander, Bykov, Pristavkin and Davydov? Aren't they supposed to know better? How can they be so ready with phrases like "legal baiting" without having spent as much as a minute getting to the root of the matter?

And the root of the matter is that Article 7 of the Civil Code carries no sanctions. If you cannot prove your accusations in court, you will have to drop them and apologize. And that is all. Let me add that in its statement of claim, Memorial does not insist even on that; from its viewpoint, it is only the paper which has published unverified information that deserves punishment.

It is absurd to appeal to ethics in this case. Do ethics permit an unsult to be hurled and then the truth to remain unsearched for? And what about the arguments used in the letter? Just look at its opening phrase. "T.I. Smilga-Poluyan is a prisoner of Stalinism, who spent 17 years in prisons, concentration camps and exile." This is true: three years in a camp, 14 years of being banned from "closed localities" add up to 17. But comparing records of suffering is a useless and shameful occupation. Even if Tatiana Ivanovna had spent just one day in jail, she would have deserved compassion and help anyway. On the other hand, even 25 years of hard labour do not entitle an ex-prisoner to make serious accusations against anyone without furnishing evidence to support them.

And in general, what difference does it make whether a person has or has not done time in jail if the accusations this person makes are about the misappropriation of charity funds?

Speaking of concentration camps, anyone who has gone through them knows what such an insult amounts to there. If you have said that your cellmate is a thief, you better prove it...

The court hearing is scheduled for September.

Sergei Kovalyov

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Russian newspapers underestimated the most fearless defender of the White House (Russian parliament) and democracy in Russia and therefore he himself had to describe the glorious episodes of the events which took place in August 1991. Excerpts from a new book by **Ruslan Khasbulatov,** chairman of the Russian Parliament, have been published in *Rossiiskaya Gazeta.*

On the first day of the putsch, people gathered at Yeltsin's country house, there was tension and confusion, as no one knew what should be done. Khasbulatov was determined, bold and resourceful. "I can't stay here any longer," he said. "You do as you like, but I'll try to break through." As a result, all the others followed him.

In the White House, everyone rushed to Khasbulatov asking him what to do. I told them, he recalls, "People must be organized to erect barricades."

The guards suggested that Khasbulatov move to a safer wing of the building. "I continued calmly to sit in my chair smoking a pipe, and then I noted that I saw no need to leave my office."

Khasbulatov's unexampled courage is set off by the cowardice of the President's associates. "When one of Yeltsin's chief aides saw an officer entering his room," Khasbulatov recalls, "he cried in fear: 'I'm not to blame. It's the fault of Yeltsin and Khasbulatov.'"

Khasbulatov told the readers that even Ivan Silayev, the then prime minister, proved a faint-hearted man and went home on August 20, when the storming of the White House was expected. The chairman of the Russian Parliament was understanding of other people's weaknesses and told Yeltsin: "He (Silayev) is very nervous, there is no need to be angry with him."

It follows from Khasbulatov's reminiscences that President Yeltsin himself could not rival his former first deputy in courage. Yeltsin thought of taking refuge in the US embassy, an idea which Khasbulatov also related to with understanding. "As for me, I must be with deputies, I'll remain with them," he told Yeltsin and went out of his office room. The President, put to shame, therefore also remained.

Yeltsin, Popov and Luzhkov took shelter in the White House basement. Khasbulatov at first followed them. But he could not stay in hiding long and soon came back to the front lines.

For some reason, Khasbulatov forgot to recall one more bold step he made on August 21, when it became clear that the putsch had failed. He withdrew form the Communist Party.

Having written the book Ruslan Khasbulatov considers himself qualified enough to teach Russian newspapers how to behave and to hint his fellow-MPs that their chairman is not only a lawyer and economist but also a journalist and a writer.

* * *

People in the middle Volga area today call Bormann one of their most well-loved compatriots. The name of the Nazi party boss has been firmly stuck to **Valery Ovchinnikov,** head of the Nizhni Novgorod football club Locomotive. Ovchinnikov explains this in the following way: he controls the funds of the club just as Bormann controlled the resources of the Nazi party in the Third Reich.

Ovchinnikov does not "offend" his football players. Each of them receives 25,000 rubles for each victory over a rival renown clubs. Ovchinnikov does not think the sum to be too much. For instance, each member of the Spartak football team gets 200 dollars and 10,000 rubles for such a victory. All teams have money, he says.

A person with faith

Khojiakbar Turajonzoda is a respected man in Tajikistan. He is a people's deputy and a member of the Presidium of the republic's parliament. As head of the influential Islamic Revival Party, he exerts strong spiritual influence on his compatriots. People are attentive to him when he speaks. But Khojiakbar also has enemies. When he addresses a public rally one can hear shouts of approval on one side of the square and condemnation on the other. Both friends and adversaries admit, however, that Khojiakbar enjoys authority and popularity among Tajiks.

In Central Asia, it is a rare thing at such an age, for Khojiakbar is close to 40. He finished a madrasah in Bukhara, graduated from the Islamic college in Tashkent and completed studies at the department of Islamic jurisprudence at Jordan University. In 1988, Turajonzoda became head of the Moslem Council of Tajikistan. He is married and has six children.

Turajonzoda does not conceal his strongly anti-communist views. Communist rule brought incalculable suffering to people of all religious beliefs, in his opinion – to Moslems, Christians and Jews. The members of his Islamic Revival Party are pressing for a ban on the Communist Party and for the resignation of President Rakhmon Nabiev who was a Communist.

The revival of Islam in Tajikistan is considered a normal thing, a condition for restoring the morals of society. Islam, which is professed by about 100 million people, has played a considerable part in the history of human civilization. It was the spring from which many other great cultures were born. The leader of the Tajik Moslems believes that the religion which calls for peace, virtue and high morals cannot be a source of evil, aggressiveness and fanaticism.

In the opinion of Khojiakbar Turajonzoda, an Islamic revolution is not possible in Tajikistan now because people have forsaken their faith during the 70 years of Soviet rule. Under the cover of religious rivalry, different groups are struggling for power in the republic.

A skilful politician, Turajonzoda usually avoids talking about the direction in which the Tajik people will develop. But sometimes he admits that he is looking to the time when Tajikistan, if its people wish so, will become an Islamic state. Will the Tajiks choose this path is an interesting topic.

Ovchinnikov became "famous" thanks to sensational press reports that he also bribed referees so that the result of a match would give him grounds to provide additional material incentive to his players. Valery refuted these reports, though in an original way. "All referées are my friends," he said, "and no one gives money to friends."

These and other rumours are treated by Ovchinnikov favourably. "Bad or good, it's publicity after all," he commented once. They apparently explain his great popularity not only among soccer fans, but also among the population, including financial bosses and high government officials.

* * *

The experience acquired in prison camps might prove useful for a future president of Estonia. Such is the opinion of **Lagleh Parek,** who hopes to win the presidential election to be held in that Baltic republic on September 20.

Lagleh Parek heads the National Indepedence Party, which is considered the most radical in Estonia. She believes that the fate of the republic can be decided by Estonians only.

But Parek contends that she is not going to drive non-Estonians out of the country. "A year or one and a half years will pass and they will understand that they live in a country which has its own system and laws which must be obeyed. When laws are observed, tension always wanes," she says. "Indeed, the Russians do not receive wages smaller than Estonians do, and they are not evicted from their flats. Life continues in its usual way."

In 1983, Lagleh Parek was sentenced to six-year imprisonment in a maximum-security camp for "anti-Soviet propaganda and agitation." She spent four years and thinks "they are nothing compared to the 25 years spent in the camp by others."

In Parek's opinion, the camp experience might prove useful at a high government post. "In the camp," she recalls, "passions and conflicts ran high, and there was also ethnic friction."

In 1987, Lagleh Parek led the Estonian group, which demanded publication of secret protocols to the Molotov-Ribbentrop pact on the division of spheres of influence in Eastern Europe between the socialist Soviet Union and national-socialist Germany.

A year later she became leader of the National Independence Party. She believes in a self-critical way that, with the uncompromising attitude characteristic of human rights champions, she lacks political flexibility.

In Estonia, the President will have mainly representative functions. He will not directly deal with politics and, the more so, head the government, as we see it in Russia or Ukraine. The main task of the future Estonian President is to choose the head of the cabinet and submit his candidature for approval by parliament.

The unsinkable aircraft carrier

Victor Mikhailov, 58, Russia's Minister for Atomic Energy, is convinced that the revival of Russian industry and the former power of the country will begin with his ministry. Such is his firm opinion. He is a rare combination of a gifted scientist and a skilful and motivated organizer in the sphere of production. A theorist in the field of physics, one of the fathers of nuclear weapons, and a Lenin and a State Prizes winner, he received education in the speciality of theoretical and applied nuclear physics. He was a junior associate of Academicians Landau, Zeldovich and Sakharov.

In 1988, Mikhailov was appointed Deputy Minister for Atomic Energy. But he has not given up scientific work. A professor and doctor of technical sciences, he still heads a department at the Moscow Institute of Physics. On March 2, 1992, on the recommendation of the staff of the Arzamas-16 institute, President Yeltsin appointed him Minister for Atomic Energy.

The new minister, who was often called "an unsinkable aircraft carrier of the past," flatly denies allegations that the threat to the present government and its reforms comes from his ministry and other sections of the military-industrial complex. He says that only 15 percent of the ministry's capacities work for defence (the entire nuclear arms complex), while 16 percent are geared towards science and advance technologies. The ministry produces every 15th brick in the country (at very low cost, incidentally), excellent decoration materials, high-quality video tape recorders and compact discs, and the purest gold in the world. It has developed the cheapest production of zirconium and the best isotope separation technology with the energy consumption being only five percent of that in the United States. The ministry has built an Olympic cycle track in Krylatskoye in Moscow and contributed much to the development of such towns as Navoi, Protvino and Podolsk.

In the industry which employs 7,000 doctors of science, Mikhailov says, we have efficient workforce and a team spirit. The cancer rate in it is half that of the country's average figure, and life expectancy is seven years longer. The towns in which atomic production is concentrated are distinguished by cleanliness and a popualtion with a high educational level.

Mikhailov has no doubts that in a number of modern technologies Russia is five to ten years ahead of the West. In his opinion, the main danger to Russian science comes from the authorities. As a result of their policy, research institutes could become ordinary businesses. It would be an irrecoverable loss for the country.

In his everyday life Mikhailov does not differ form other people. In his leisure time he likes to work in his small garden.

The German embassy's private life

In Moscow – between the real and the unreal

The "Bunker" on Mosfilmovskaya Street. The German Embassy will move in it soon

German officials stick to order and discipline, but, as diplomats say, "nobody makes anyone do anything by force in the Foreign Ministry." Going to Moscow are those who show interest in and sympathy for our country. Even at the time of the cold war, Moscow was regarded as a prestigious place, whereas the "half-prison" working conditions are said to have been useful for the diplomats' practical training.

The first ambassador to Moscow after the establishment of diplomatic relations between West Germany and the USSR in 1956 was Wilhelm Haas who had managed to travel almost worldwide by that time. He was superceded by Hans Kroll, an enthusiast of tennis, hunting, fishing and collecting antiques. It was rumoured that he was greatly favoured by Nikita Khrushchev and that he was even granted the privilege of swimming together with the CPSU CC First Secretary in the latter's personal swimming pool at his Pitsunda residence.

Horst Groepper, who was next to come to Moscow, was reputed as a connoisseur and a collector of Russian icons. Helmut Allardt, who was also remembered for his negative attitude to the Brandt-Scheel cabinet's new Eastern policy in the early 1970s, is said to have had the best cook. In contrast, his son Alexander Allardt, who worked at the embassy in the mid-1980s, was remembered by many as a person who deeply sympathized with Russia and Russians.

Work in Moscow provides many German diplomats with good prospects for climbing the ranks. Ambassador Hans-Georg Wieck, a sportsman and a hunter, became head of Federal Intelligence soon after coming back to Germany. Andreas Mayer-Landrut, an inveterate rider, reputed as one of the best experts in the USSR and Russia, served two ambassadorial terms in Moscow and returned to Bonn to occupy the post of State Secretary in the Foreign Ministry.

Not infrequently diplomats of the German embassy come to Moscow for a second or third time. They jokingly call themselves "recidivists." Each of them explains the reasons for their interest in Russia in his own way, yet with eloquence and exquisiteness inherent to diplomats. However, I have formed the impression that most of them interpret Russia as a place in between the real and the unreal, a place that captivates by its unpredictability. This is the peculiarity of the German mentality. Curiosity and sentimentality are shared by burghers and self-restrained, sensible diplomats alike.

A diplomat on the barricades

The embassy's plenipotentiary Minister Eberhard Heiken started his diplomatic career after he had worked for the Berlin Institute for Political Studies of Problems of Developing Countries. For more than 20 years he has devoted himself to research in the German-Soviet(and Russian) relations.

"When I first came to Moscow in 1972," recollects Mr Heiken, "I made for the Kremlin together with my wife on the next Sunday. I imagined it as a gloomy, dangerous and dark force. You can imagine my surprise when I saw apple trees in full blossom near its walls." The embassy Councellor Dr Enno Barker considers himself a lucky person: he was in Moscow at the time of the August abortive putsch last year.

"Tanks were near the doors of my house," narrates the diplomat. "I couldn't confine myself to reading communiqués of information services and watching the Soviet TV. I set off to the Russian White House because I felt sympathy for its defenders and their cause. I remember the not very pleasant feeling I experienced when people with loudspeakers began announcing: 'Women and children are requested to go home. We can't guarantee safety from bloodshed in the streets within the next few hours...'"

"What did your wife feel while you were on the barricades?"

"Gisela was with me, she collected donations for the participants in the "Live Ring"..."

Enno Barker met his prospective wife early in the 1960s at a lecture on the Russian language, exotic in those days, at the Heidelberg University. Since then they have more than once visited our country and practically all former Union republics. The knowledge and experience of local realities help Gisela Barker to easily do translations of Russian prose and Enno Barker to climb the ranks of his profession.

The embassy's First Secretary Arndt Freytag von Loringhoven, a descendant of an old noble Estland German family, was born to a family of a tank-officer who faught near Stalingrad, spent 3 years in British captivity and returned back home determined to build a new democratic Germany.

"It was a dramatic change in the older generation's mentality," says Arndt von Loringhoven. "We had a lot of hopes and illusions. I was brought up on the idea of a

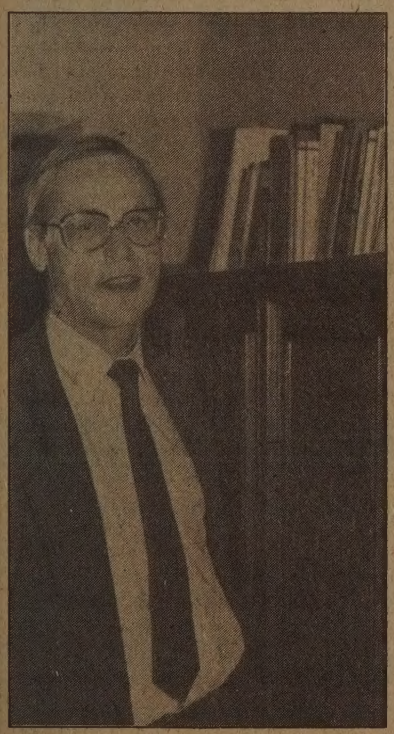
new Germany and its new role in the European community."

Von Loringhoven studied biochemistry at Oxford University and defended his doctoral theses in Munich. "However, I realized in time that I didn't want to spend all my life in a lab."

Dr von Loringhoven came to Moscow together with his wife Barbara from France and "felt right away how static Paris was in contrast to the dynamic Moscow." Here in Russia, the German diplomat wants to unriddle the connection between big politics and the common people and try to understand the mentality of the people inhabiting the expances between Europe and Asia, which quite recently used to be called the Soviet Union.

Sports in a market place

Germans encounter a lot of the unexpected in Russia. Enno Barker calls this "the daily risk." Once a friend living in Germany came to visit him. He wanted to take him to the Bolshoi Theatre, but it was impossible to find out the repertoire or buy the tickets in advance. Or else his Volvo car requried a small repair. In order to find out if the required spare part was available at Moscow's only Volvo service station, it was necessary to go to a far-away locality (impossible to reach by phone) and spend a lot of time in a line only to learn that the gadget was not available.



"On Moscow markets I learn a lot in the sence of the Russian language," says Dr Enno Barker

Getting one's shoes repaired is not an easy task either. Therefore German diplomats have to send their footware to Bonn via the diplomatic post service to get their shoes repaired there.

The embassy Councellor Enno Barker derives more pleasure from visiting market places in Moscow.

"This is like doing sports," he says. "I used to observe folklore a lot there. For instance, I'd keep silent buying 3 kilos of potatoes from a Russian female vendor, but I would be bargaining with an Azeri, because I know the discussion would please him."

Restrictions

The personnel of the German embassy in Moscow has grown up to 200 people during the last few years. Today it's Germany's largest foreign mission. Councellor Enno Barker told me that he chanced to meet an old friend of his in the embassy who, as it turned out, had been working there for six months by that time – so large is the embassy... By the way, it is going to move soon from a mansion in downtown Moscow to a "bunker" in a new district. German Foreign Minister Klaus Kinkel is expected to arrive in Moscow on his first working visit in order to take part in the inauguration of the new embassy premises...

Enno Barker recollects that when he first came to Moscow in the mid-1960s, "the embassy looked like one big family." Not because the diplomats were so fond of each other – the KGB counterintelligence made them mix mainly within their own midst.

"All contacts of German diplomats with Soviet citizens were under close surveillance," says Mr Barker. "We just didn't know many phone numbers and avoided calling anyone so as not to imperil them."

Even now some of the diplomats tell me they have a feeling that "their phones perform poorly not only because of faults on the line..." About 50 Russian citizens work at the embassy. Enno Barker explained why this doesn't worry him: "The security of secrets is a matter of organization and discipline." Evidently not only this.

Only blank walls overlook the street in the new building of the embassy. They say this is the only way to defeat the equipment of the Russian counterintelligence which affords intercepting conversations by means of microphones pointed at windows.

German diplomats are perplexed by prohibitions and restrictions on travels to some suburbs of Moscow. Not so long ago, Barker's car was stopped by traffic police as it was approaching one of the region's minor towns – it turned out that Barker was driving along the road leading to a restricted area.

Arndt Freytag von Loringhoven: "I'm fond of jazz, and I'd like to unriddle the relation between big politics and common Russians"

"It's especially difficult to get accustomed to that arrangement for newcomers in Moscow," says the diplomat. "It's absolutely necessary for us Germans to take a car and go for a picnic in the countryside. But here we have to consult the map for restrictions every now and then.

However, turnpikes and traffic controls have failed to discourage German diplomats from watching football and hockey matches, going to the cinema and theatres, visiting "flea markets," relaxing on Moscow beaches or making boat excursions along the Moskva River by night. Perhaps this is precisely what distinguishes Germans from most Western diplomats, who have created their own world within the high walls of their embassies.

The Germans don't try to shut themselves off from the Moscow fuss: "We have come here because we are primarily interested in this country and not in our colleague in the next room."

Konstantin Isakov

"To endure and look for housing"

After the Baltic countries gained independence, the first German diplomatic mission was opened in Riga in September 1991. The embassy has no building as yet. Although Germans have already received the key to the prewar embassy building, it requires thorough repairs. Eight diplomats occupy the third floor of the mansion in the city's old quarters.

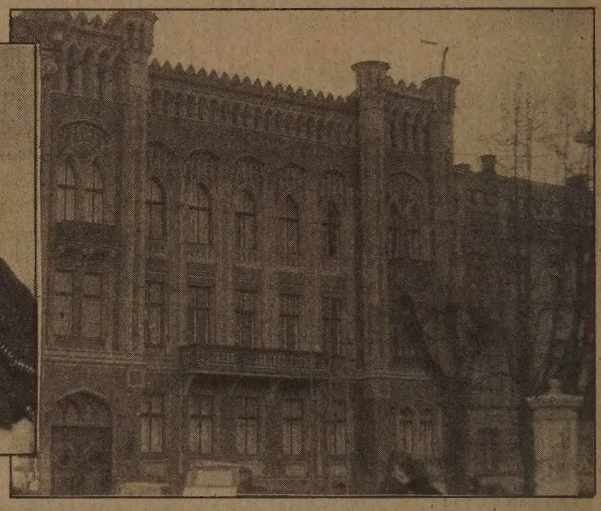
The offices of the embassy are hardly cluttered with furniture. It's difficult to get a call to Bonn. Cordless phones are believed to be the only reliable means of communication even between offices. Nor do the embassy empoloyees have apartments so far. All of them stay in the Hotel Redzene, and none of them is willing to take the risk of bringing their families over there.

Despite the "primitive living conditions," the embassy's First Secretary Andrea Wiktorin regards her coming to Riga as a great luck: "It's a rare chance for a young diplomat to work in a country which is just starting to build a democratic state."

Wiktorin was trained as a teacher of history at Bonn University. Four years ago she started her diplomatic career. Latvia is her first assignment abroad.

Andrea believes "mobility and the readiness to go where you are needed most are the main qualities of a diplomat." In Riga she adds "endurance and the ability to search for housing" to these qualities.

Andrea Wiktorin: the Germans don't want to reverse time



The old building of the German Embassy in Riga is still under repair

The hotel conditions prevent Wiktorin from displaying her culinary art and from inviting guests. She has to spend evenings with friends and acquaintances in restaurants, where "it's impossible to talk because of loud music," she says and adds philosophically: "Nothing to be done, one has to get accustomed to a foreign culture."

Much reminds one about the seven centuries-long influence of German culture in Latvia.

An MP and Adviser to the Latvian Foreign Minister Mavriks Vulfsons told me that the Latvians have already felt they have been aided by Germany.

"In my opinion, the Germans show interest in Latvia, but they are also watchful," says the Latvian diplomat. "On the other hand, throughout the 19th and 20th centuries, the Latvians treated the Germans with respect and distrust..."

When the present Ambassador to Latvia, Hagen Graf Lambsdorff, knew that the principle of the Riga Jewish school was seriously ill, he helped buy for him a pacemaker. The Lambsdorffs are of Baltic descent, yet, the present German ambassador is not inclined to recollect his Baltic origins.

Ambassador Lambsdorf is a younger brother of the Chairman of the Free Democratic Party of Germany, he worked for many years as a military analyst for *Der Spiegel*, and then in the German embassy in Moscow. He is reputed to be a good family man, a connoisseur of art.

Russians leave the Baltics. Do Germans return there?

"Your question is formulated in terms of a tendency to which we don't want to return," answered Frau Wiktorin. "Germans don't want to reverse time. What we really want, I would describe as a positive development of both cultures.Today the Letts themselves are interested in a revival of German traditions. We are requested to help in creating an up-to-date democratic school system, in teaching German... We are aware of a special responsibility in this country, we have come here with an open heart."

Photos by Alexei Kudenko and by author

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